



Homeowner Sonja Robinson and her daughter Jada are pictured in front of their house, which was built and sponsored by ACS, Associated Contracting Services Inc. Habitat for Humanity of South Hampton Roads partnered with local builders, the city of Suffolk, Va., donors and volunteers to help build 16 new Habitat houses in the Huntersville neighborhood.

Chapter 1: Introduction



A portrait of homeowners-to-be Gudy and Maribel Palacios with son, Sebastian, and daughter, Daniela, was taken just before work started on their own home in Las Vegas Nev., in August 2009.

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For most of the 20th century, homeownership in the United States was available only to those with moderate to high incomes. Few low-income families were able to afford the rigid financing requirements necessary for homeownership, such as down payments upward of 50 percent or mortgage terms of five years or less in the 1920s. Even those families that could meet these requirements sometimes faced additional challenges including discriminatory practices like redlining.

As early as the 1970s, nonprofit groups like Habitat for Humanity began helping low-income families move into homeownership. In the following years, low-income and minority families made tremendous gains in homeownership. A strong economy, low interest rates, and easier access to home loans all contributed to this trend. Low-income families that became homeowners experienced wealth accumulation and became more self-sufficient, depending less on state and federally supported



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Ramon and Edu Carreon in front of their three-bedroom Habitat house in Soldotna, Alaska, in the summer of 2008.

assistance programs. They had improved mental and physical health and became more engaged in their communities. These families were also able to offer their children a greater sense of stability, meaning children often made better grades, stayed in school longer and experienced other positive effects. As more low-income families moved into homeownership, low-income neighborhoods progressed. Safety increased,

criminal activity declined and neighborhood appearance improved.

Faced with current conditions, including a weaker economy, loss in home values and an increase in foreclosures, understanding what factors ensure successful homeownership for low-income families and why low-income homeownership remains an important policy goal becomes more important than ever.

While homeownership may have been implemented poorly for some low-income families in the past several years, one might also say that about some homeowners of other income levels. Homeownership for low-income families as a goal is well worth defending, as it benefits homeowners and families, helps break the cycle of poverty, especially for the next generation, and positively affects neighborhoods,

communities and society. Policy and private nonprofit intervention for homeownership is necessary; without it, the housing marketplace does not adequately deliver homeownership to all households that could benefit from it. Housing markets, which affect many aspects of a community including race, income levels, access to public services and jobs, have a powerful effect on shaping neighborhood characteristics and the opportunities available to families.¹

As Habitat for Humanity partner families and many other low-income homeowners continue to demonstrate, homeownership for low-income families is valuable and successful when properly implemented. Several key factors in determining success include: low supply and labor costs, down payment assistance, no- or low-percent mortgage interest, and donations or reduced prices on land. In addition, pre- and post-purchase education and counseling services are crucial as well as loan-servicing practices that emphasize person-to-person relationships between borrower and lender.

The Habitat model also requires self-help for homeowners by requiring sweat equity, socialization with volunteers — many of whom are successful in their work and family life — and an essential commitment to acknowledge and honor the dignity of human beings no matter their income. Habitat homeowners-to-be also have strong role models in successful Habitat homeowners in their own community.

With tools like these in place, low-income homeownership benefits families, neighborhoods, local economies and the nation as a whole.

A house leads to business, college for children



Alvin Pearson's life story includes quite a few firsts: He is the first in his family to own a business and the first to send his children to college. Pearson attributes those accomplishments to another first: No one in his family had been a homeowner before the Pearsons built a house with Habitat for Humanity in Asheville, North Carolina.

"Thanks to Habitat, I had affordable housing. That gave me a chance to save money," Pearson said. "From that I was able to open my own business and get my kids through college." Applying for a Habitat house was a "power move," Pearson said.

“ I thank God for Habitat. I was able to help my family live better. That’s all I want out of life, anyway. ”

Pearson, his wife, Cynthia, and their four children lived in an apartment complex in Asheville before building their house with Habitat in 1994. "When it rained, water backed up in the building," Pearson recalled.

Back then, Pearson worked in the maintenance department of a local bank. Not long after moving into his house, he felt confident enough to start up his own cleaning and maintenance service. Pearson now employs eight people, and among his clients are the bank where he used to be employed and the offices of the Habitat affiliate that he built his home with.

Pearson, who likes to call himself a "Habitat poster child" because he speaks up often and gladly for the organization, is quick to point out to anyone who asks that his family did not qualify for a Habitat house the first time they applied. "We had to work on our credit, but the second time, we were approved."

Fortunately, Pearson can't lay claim to being the last in his family to own a home and run a business. His daughter and three sons, now grown, are all homeowners, and his daughter owns a beauty shop in Charlotte.

"I thank God for Habitat," Pearson said. Because of affordable housing, "I was able to help my family live better. That's all I want out of life, anyway."