

PATHS TO STABILITY AND WEALTH

Evidence from the Habitat for Humanity Wealth Building Project

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EXECUTIVE SUMMARY

Owning a home has long been the most common way American families build wealth—but for low- and moderate-income families, the route is rarely open and rarely simple. Credit gates, predatory lending, and rising maintenance costs turn what looks like a single transaction into a multi-decade obstacle course. Handing a family the keys, on its own, does not guarantee that the house will become an asset. The harder question—the one this report sets out to answer—is whether homeownership can deliver lasting wealth to the families who have been locked out of it the longest, and what it takes to make that happen.

This study dives into that complexity, asking not just if homeownership works, but how the specific support systems built into the Habitat model—including its affordable mortgage designs, unique program components, and long-term homeowner engagement—can turn a house into a lasting foundation for financial resilience and intergenerational opportunity.

How We Conducted This Study

This report presents findings from the Wealth Building Evaluation, a multi-year and mixed-methods evaluation conducted through a partnership between Habitat for Humanity International (hereafter Habitat) and the Washington University in St. Louis. The evaluation includes 43 local Habitat affiliates located in different regions in the United States, across urban and rural areas, reflecting a broad cross-section of how Habitat operates nationwide. The evaluation also focuses on households who purchased homes from these affiliates between 2014 and 2023.

To understand how Habitat’s model impacts a homeowner’s financial future, we examined the data from three distinct and interconnected angles. We began by analyzing the financial records and credit scores pulled from one of the three largest consumer credit reporting agencies in the US over 2,000 Habitat homeowners and comparing them to more than one million similar individuals living in their previous or current neighborhoods to see exactly how their financial paths differed over time compared to those without the same support. This comparison allows the study to isolate what key difference Habitat makes, beyond broader economic or neighborhood changes. We then surveyed the participating affiliates and their homeowners to identify which specific tools, such as one-on-one financial coaching/counseling or affordable mortgage designs, offered the greatest boost to a homeowner’s successes, such as stable housing, satisfaction, confidence and life outlook. Finally, we interviewed staff from twelve affiliates and up to five homeowners from each of the selected affiliates, totaling 38 homeowners, to capture how the findings are experienced in real life. By combining this rigorous data with lived experiences, we have painted a

complete picture of how Habitat helps its homeowners move beyond basic stability toward long-term financial security and independence.

Key Findings

1. Homeownership through Habitat supports durable housing stability—and the way affiliates manage mortgages influences the strength of that stability. Some Habitat homeowners still experience financial challenges, such as falling behind on bills and payments. However, these challenges are much less likely to result in losing their homes. When Habitat homeowners miss a mortgage payment, they are 56% less likely to lose their homes to foreclosure than similar non-Habitat homeowners. This protection is strongest when affiliates originate mortgages directly and maintain formalized intervention strategies to address delinquency and prevent foreclosure. Homeowners and affiliate staff alike describe the direct, close relationship between the homeowner and the affiliate as essential to preventing temporary hardship from becoming permanent housing loss.

2. Credit score gains are large enough to unlock better loan rates, credit cards, and financial products that were previously out of reach. Habitat homeowners experience meaningful and lasting credit score improvements begin even before home purchase, driven by affordable mortgage payments and pre-purchase financial preparation. Overall Habitat homeowners increase their credit scores by 22 points more than similar non-Habitat individuals, with these gains growing over time. While these gains are consistent across the network regardless of specific post-purchase programming, homeowners at affiliates that provide direct, in-house financial education see greater credit improvements than those at affiliates without such support.

3. Savings growth depends on sustained post-purchase financial education—especially for Black homeowners. Unlike fast-moving credit scores, building liquid assets is a slow and gradual journey. Even so, Habitat homeowners accumulate more liquid assets than similar households, typically between \$1,800 and \$4,400 more. This effect is most pronounced among Black homeowners, who face the steepest baseline barriers but accumulate \$3,100 more in liquid assets than Black non-Habitat households. Crucially, these gains are not automatic; they are substantially amplified by continuous support. When local affiliates provide ongoing financial education after the home purchase, families accumulate \$5,000 more than their counterparts.

4. The zero- or low-interest mortgage is the engine driving rapid equity growth, while forgivable loan assistance and shared appreciation mortgages (SAMs) serve as the anchor securing long-term housing stability. Habitat's zero- and low-interest mortgages allow equity to grow to roughly the original purchase price by year 10 and exceed 2.6× that value by year 30—because every monthly payment reduces principal from the start. Meanwhile, forgivable loan assistance and SAMs enhance families housing stability. A 30% forgivable loan boosts ROI to approximately 2.0 by year 10 (vs. ~1.7 without), strengthening early-year resilience. SAMs ensures the home remains a stable platform for a family to build long-term wealth, while successfully preserving Habitat's ability to affordable housing for future generations. However, some homeowners mistakenly believe they cannot build any housing equity with SAMs, suggesting an urgent need for clear, ongoing communication about how these provisions work.

5. Habitat homeowners describe a 'stability ceiling'—a perceived boundary between achieving stability and building wealth—but the evidence shows that such a ceiling can be broken. Habitat homeowners and affiliate staff often express that homeowners feel financially

secure but are unsure how to move beyond stability into building wealth. The data, however, shows this threshold can be crossed where affiliates sustain direct engagement after purchase—where affiliates invest in direct financial coaching/counseling, ongoing financial education, and dedicated post-purchase staffing, homeowners move from stability into active saving. The perceived ceiling is real in people's lives, but the model—when fully supported—is designed to help homeowners move past it.

6. Habitat homeowners report high satisfaction, strong financial confidence, and greater life outlook—outcomes reinforced by the quality of the relationship with their affiliate. 83.4% of Habitat homeowners are satisfied or very satisfied with their home. Habitat homeowners report an expected life satisfaction of 8.1 out of 10 five years from now—versus 7.3 for renters and 7.2 for non-Habitat homeowners. Also, affiliates' dedicated post-purchase staffing contributes to stronger financial confidence among Habitat homeowners, and sustained, personalized engagement with affiliates is associated with greater stability and improved financial planning capacity. Where engagement is absent, homeowners describe unmet needs—particularly during transitions or crises.

7. Habitat homeowners frame intergenerational wealth as their primary goal of wealth building. Habitat homeowners consistently describe that wealth is not just about the money in a bank account but see it as something valuable they can leave for their children. Data shows that the gap between current and future optimism—'mobility optimism'—is largest among Habitat homeowners, reflecting a strong belief in an upward trajectory. As a Habitat homeowner states, "it's building equity that I can leave to my kids someday."

Integrated Interpretation

The evidence across all three analysis streams—impact, outcome, and qualitative—converges on a consistent message: Habitat's affordable homeownership model works best as one connected system, not as separate pieces. Affordable mortgages are the foundation for wealth building and financial and housing stability. Pre-purchase education helps homeowners prepare before they buy a home. Ongoing support and assistance during difficult times help protect them from losing their homes. Continued post-purchase support—provided by affiliate staff—helps homeowners move from stability to saving and building wealth and toward supporting their children in the future. This model does not eliminate all financial stress, which is inherent among families with lower incomes. Instead, it helps manage risks, improve financial trajectories over time, and—when fully supported—enables homeowners to build lasting security for themselves and their families.

Recommendations

Recommendations for Habitat Affiliates

- **Prioritize In-House Services.** Affiliates should provide mortgage origination, servicing, and financial education internally rather than outsourcing them. Keeping these services in-house fosters the direct, sustained relationship necessary to intercept temporary financial hardships before they lead to housing loss.
- **Maintain Engagement Post-Purchase.** Affiliates should provide dedicated support well past the closing date, with particular focus on the first five years when household budgets are tightest. This ongoing engagement helps homeowners transition from basic stability into active saving and wealth building.

- **Clarify Equity and Program Structure.** Affiliates should proactively educate homeowners on how wealth accumulates within their specific mortgage structure, including models like Shared Appreciation Mortgages (SAMs). Clear, upfront communication prevents misunderstandings and keeps families informed and motivated about their long-term financial progress.

Recommendations for Policymakers

- **Focus on the quality of housing finance and servicing.** Policy should recognize that how housing is managed and supported is just as critical as expanding access to ownership. Effective policy models should incentivize responsive servicing and integrated support systems that manage risk for low-income households.
- **Support interventions that change long-term financial trajectories.** Rather than focusing on one-time housing placements, policymakers should fund programs that provide the continuous support needed to reshape a family's financial future, particularly for those facing systemic barriers.

Recommendations for Funders and Philanthropy

- **Invest in the staff and systems required for long-term success.** Funding should target dedicated post-purchase staffing and education infrastructure. These are high-return investments that allow affiliates to maintain the human capital required to support homeowners directly rather than outsourcing these critical relationships.
- **Prioritize racial equity through sustained financial education.** Philanthropy can address deep-seated wealth gaps by funding ongoing financial education specifically for Black homeowners. Our data shows these households face the steepest barriers but experience the largest financial gains when consistent, culturally responsive support is available.

1. INTRODUCTION

1.1 Wealth, Housing, and Financial Security in the U.S.

Wealth is not just a measure of financial success—it is what makes stability possible. While income supports day-to-day expenses, wealth provides the financial buffer families rely on when something goes wrong, such as a job loss or unexpected medical bill. It also creates opportunity over time, allowing families to invest in education, plan for retirement, and build a more secure future (T. M. Shapiro, 2004; Sherraden, 1991; Zhan & Sherraden, 2011).

The wealth-building tools that most Americans rely on are unevenly distributed by design (Bhutta et al., 2020; Oliver & Shapiro, 2013). Many low-income families and households of color face significant barriers, particularly through housing. High rent burdens—often exceeding half of monthly income—make it difficult to save, leaving families without the financial buffer needed to absorb shocks (Airgood-Obrycki et al., 2023; Joint Center for Housing Studies, 2025). At the same time, limited access to affordable credit and quality starter homes creates a “dual housing market,” where those already advantaged can build wealth through homeownership while others remain locked out (Immergluck, 2011; Joint Center for Housing Studies, 2025; Shlay, 1988).

Homeownership remains the primary way most American families build wealth, but the traditional path is often out of reach (Bhutta et al., 2020). High upfront costs, credit constraints, and structural inequities in lending exclude many households from accessing the very system designed to create stability (Charles & Hurst, 2002; Munnell et al., 1996). Research also has informed that simply providing access to a home is not enough; the affordability of the mortgage payment is the primary engine that drives wealth building. That is, effective solutions must create affordable, sustainable pathways to homeownership that allow families not only to enter, but to succeed and build wealth over time.

1.2 Habitat for Humanity’s Affordable Homeownership Model

Habitat for Humanity (hereafter Habitat) operates through a distinctive affordable homeownership model designed to help families with lower incomes, typically between 30% and 80% of Area Median Income (AMI), achieve and sustain long-term homeownership and build wealth, moving from housing instability into equity-building ownership. Habitat affiliates ensure households’ ability to afford and sustain a mortgage payment, while providing a range of supports, from pre-homeownership assistance (e.g., homebuyer financial education) to post-purchase support (e.g., loan modifications when necessary). These provisions help ensure that households who are financially capable of sustaining homeownership but are excluded from the conventional market due to high costs and/or systemic barriers can successfully maintain their homes and, in some cases, pass them on to their children.

A central feature of the model is the substitution of financial capital with “human capital” through sweat equity; instead of a large upfront down payment, homeowners contribute a set number of labor hours toward the construction of their own home or other Habitat homes under construction. This requirement not only reduces financial barriers to entry but also fosters psychological ownership and community connection (Pierce et al., 2001). Sweat equity is complemented by mandatory pre-purchase homebuyer education, which equips homeowners with essential skills in budgeting, mortgage management, and home maintenance—laying the groundwork for long-term housing stability.

The Habitat homeownership model is structured to maximize affordability and, in turn, potentially accelerate wealth accumulation. Monthly housing costs—including principal, interest, property taxes and insurance—are typically capped at around 30% of household income (US

Department of Housing and Urban Development, n.d.). This affordability is achieved through Habitat’s zero- or low-interest mortgages, often paired with additional financial supports, such as silent second mortgages which bridge the gap between the home’s purchase price and the buyer’s financing capacity. As a result, Habitat homeowners benefit from accelerated early housing equity growth compared to conventional mortgage structures, since a greater share of each monthly payment is applied directly to principal from the outset.

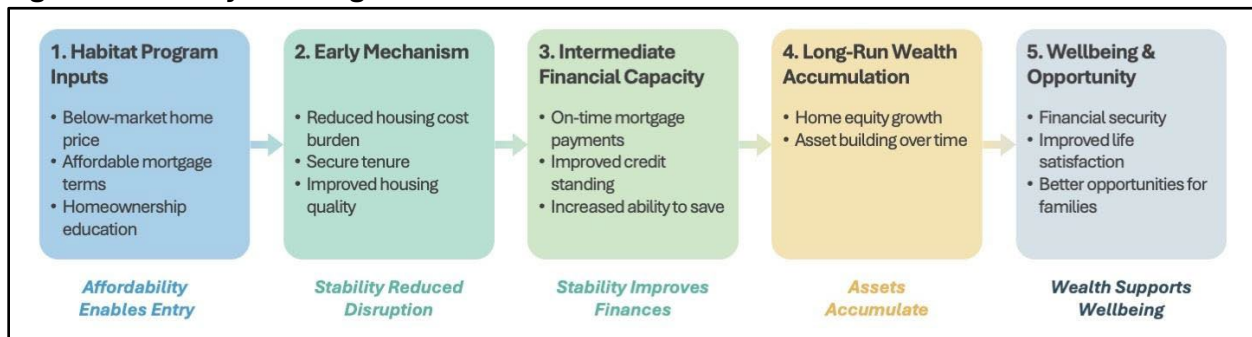
Importantly, the Habitat model extends beyond the point of purchase through a set of structured pre- and post-purchase supports. Many affiliates provide ongoing financial coaching/counseling, access to direct support, and opportunities for community engagement. These supports are particularly critical during the early and middle years of homeownership, when households are most vulnerable to financial shocks. By combining deep affordability with ongoing support from the affiliate, the model positions homeownership not simply as shelter, but as a potential platform for long-term financial stability and upward mobility.

Habitat’s approach can be understood through a theory of change that links affordable homeownership to broader outcomes in stability, financial capacity, wealth accumulation, and wellbeing. This framework reflects a sequential but reinforcing process, in which each stage builds on the previous one while strengthening overall financial resilience.

1.2.1 Building more than homes: How Affordable Homeownership Builds Stability, Wealth, and Wellbeing

The Habitat model is built on a five-stage Theory of Change that illustrates how intentional program design—incorporating selection, sweat equity, and innovative financing—translates into life-changing financial outcomes. This framework moves from the initial point of entry through a series of mutually reinforcing mechanisms that culminate in intergenerational wealth and opportunity.

Figure 1.1. Theory of Change



The process begins with *Habitat Program Inputs*, where the model lowers the structural barriers to homeownership. By selecting partners based on a demonstrated need, ability to pay, and willingness to partner, the program reaches households—earning between 30% and 80% of the Area Median Income—who are locked out of the traditional market. The inclusion of sweat equity replaces the need for a large cash down payment with an investment of "human capital," while zero- or low-interest financing ensures the home is an attainable asset rather than a source of immediate financial strain.

Once a family moves in, the *Early Mechanism* of stability takes hold. Unlike the rental market, where unpredictable price hikes often lead to displacement, Habitat provides a fixed-cost environment where total housing expenses are typically capped at 30% of household income at mortgage origination. This stability acts as a critical hedge against inflation and local market volatility. By eliminating the threat of frequent moves, the model provides the psychological and

physical "breathing room" necessary for families to shift their focus from short-term survival to long-term financial planning.

This stability leads directly to *Intermediate Financial Capacity*. With housing costs stabilized and the risk of displacement removed, homeowners gain the "financial slack" needed to improve their broader financial health. This stage is bolstered by pre- and post-purchase supports, such as financial coaching/counseling and dedicated affiliate staffing. These interventions help homeowners translate their consistent housing costs into improved credit standing, reduced non-housing debt, and the development of liquid savings—the critical "buffer" needed to survive unexpected financial shocks.

In the *Long-Run Wealth Accumulation* phase, a manageable monthly payment becomes a real asset. Because a Habitat mortgage carries little or no interest, almost every dollar a family pays goes directly toward owning a larger share of their home—a path that conventional borrowers, paying down interest first, do not reach for years. A second 'silent' lien held by the affiliate fills the gap between what the family pays and what the house cost to build, keeping the home affordable on the front end without taking equity off the table on the back end.

Ultimately, the goal of this progression is *Wellbeing and Opportunity*. The accumulation of both home equity and liquid assets serve as a catalyst for broader life outcomes, providing a safety net that supports health, education, and retirement security. With the security of an appreciating asset and a better financial foundation, families can invest in their children's futures and navigate the complexities of the financial system with a heightened sense of financial agency and optimism. In this final stage, Habitat homeownership achieves its true purpose: fostering a durable stability that extends far beyond the four walls of the home.

Collectively, the Theory of Change underlying Habitat's affordable homeownership programs can be summarized as a sequential but reinforcing process:

1. Affordable housing costs reduce financial strain and exposure to risk, particularly for households facing structural barriers to homeownership.
2. Housing stability reduces disruption and supports consistent financial behavior, aided by affiliate-led preparation and servicing practices.
3. Credit strengthening and asset accumulation emerge through sustained affordability and tenure, often beginning prior to formal homeownership.
4. Financial wellbeing and long-term security are reinforced as wealth building gains compound over time, alongside improved confidence and future orientation.

This evaluation examines each stage of this pathway, testing and refining Habitat's theory of change by assessing how affordable homeownership translates into stability, financial capacity, wealth accumulation, and wellbeing over time.

1.3 Wealth Building Evaluation

The Wealth Building Evaluation is designed to test each component of this theory empirically. The analyses that follow examine whether Habitat homeowners experience measurable improvements in credit scores, liquid assets, housing stability, and financial wellbeing relative to comparable non-Habitat households, and whether these outcomes align with the hypothesized mechanisms described above. By doing so, the study assesses not only whether Habitat's model works, but also how and why it contributes to wealth building outcomes across diverse contexts.

Specifically, the evaluation seeks to answer four interrelated questions:

1. **Objective Financial Impact.** To what extent do Habitat homeowners experience improvements in material wealth (i.e., liquid assets and housing equity) and financial health (i.e., credit scores) relative to comparable non-Habitat households?
2. **Financial Resilience and Dynamics.** How does the Habitat model influence a household's financial trajectory through periods of economic stress, and specifically, how does the Habitat model affect the risk and timing of foreclosure following delinquency compared to non-Habitat homeowners?
3. **Subjective Wellbeing and Perceptions.** How do Habitat homeowners perceive their general wellbeing, life optimism, and housing/neighborhood satisfaction compared to non-Habitat households?
4. **Variation and Mechanisms.** How do financial health and wealth outcomes vary across different affiliate program designs, and what programmatic, affiliate engagement, and experiential factors help explain how these outcomes are shaped and experienced in practice?

2. STUDY METHODOLOGY

The Wealth Building Evaluation employs a mixed-methods evaluation design to assess the impacts of Habitat’s affordable homeownership programs on household wealth, housing stability, and financial wellbeing. This design reflects the multidimensional nature of wealth building and the recognition that no single data source or analytic approach can fully capture the range of outcomes and mechanisms associated with affordable homeownership.

Quantitative analyses are designed to estimate average and heterogeneous treatment effects of Habitat participation on objective housing and financial outcomes—such as housing stability, credit standing, liquid assets, and housing equity—as well as subjective indicators of financial wellbeing and resilience. Qualitative interviews with homeowners and affiliate staff are intentionally designed to follow and respond to quantitative findings, allowing the evaluation to move beyond impact estimation toward explanation of mechanisms and contextual variation.

2.1 Data¹

This evaluation examines 43 Habitat affiliates and homeowners who purchased a home from one of the participating Habitat affiliates between 2014 and 2023. The evaluation integrates five primary data sources.

- **Habitat administrative homeowner records (House Production Report, or HPR)** from the 43 participating affiliates that included property addresses and homeowner demographics for approximately 3,000 households.
- **Longitudinal credit bureau data from Equifax** provided annual financial indicators—credit scores, liquid assets (e.g., savings), mortgage delinquencies and foreclosures—from 2014 to 2023 for approximately 2,200 Habitat homeowners and a comparison pool of over one million non-Habitat individuals drawn from homeowners’ current and prior zip codes.
- **Black Knight property and mortgage records** supplied automated valuation estimates, transaction histories, and deed data for ~2,700 Habitat homeowners, supporting housing wealth simulations. This data, as well as the administrative data, were verified by affiliates through two structured data validation rounds.
- **Survey data** capture dimensions of financial wellbeing and program implementation that are not observable in administrative or credit records.
 - The Affiliate Survey, fielded from October 2024 to April 2025, captured information on program design, mortgage structures, homeowner support services, and operational strategies across all participating affiliates. A total of 43 Habitat affiliates completed the survey (response/completion rate=100%).
 - The Homeowner Survey, fielded from January to April 2025, collected self-reported data on housing hardship, financial service use, satisfaction with home and neighborhood, financial health (spending, saving, borrowing, planning), optimism, and wellbeing. A total of 550 Habitat homeowners participated in the survey (response rate: 27.1%) and 472 Habitat homeowners completed the survey (completion rate: 85.8%).
 - The Homeowner Survey was also administered to a comparison group using NORC’s AmeriSpeak panel,² yielding responses from over 5,000 low and

¹ Details in sampling strategy, affiliate recruitment, and quantitative and qualitative data collection are in Appendix A

² NORC’s AmeriSpeak panel is a probability-based, nationally representative panel designed. Panelists are recruited through a rigorous, multi-stage address-based sampling process that ensures coverage of 97% of

moderate-income non-Habitat households,³ with intentional oversampling of Black, Hispanic, and other households of color, in order to be better aligned with the demographics of Habitat homeowners.

- **Semi-structured interviews** with staff from 12 purposively selected affiliates and approximately 38 Habitat homeowners—two to five homeowners per affiliate—were collected via Zoom, transcribed verbatim, and de-identified.⁴

2.2 Sample

2.2.1 Target Affiliates and Habitat Homeowners

The study includes 43 Habitat affiliates spanning all four U.S. Census regions—Northeast, Midwest, South, and West—in both urban and rural settings, ranging from small community-based affiliates to large regional affiliates. These affiliates were recruited from a pool of 200 to reflect the diversity of Habitat's national network of roughly 1,100 local affiliates at the time of selection.

All homeowners who purchased homes between 2014 and 2023 from these affiliates were eligible for inclusion. Habitat homeowners in this study are racially and economically diverse, with a high share of Black and Hispanic households—groups that face the steepest structural barriers to conventional homeownership. Sample sizes vary by data source: approximately 2,000 homeowners in the credit data, 2,700 in the property data, and 472 in the survey data.

2.2.2 Comparison sample

To isolate what Habitat specifically contributes—beyond what would have happened for similar homeowners/renters without the program—we constructed two comparison groups:

- **For the credit score and liquid asset amount analyses:** Over 1 million non-Habitat individuals drawn from Equifax, selected from both the neighborhoods where Habitat homeowners lived before buying their homes and the neighborhoods where they live now. This approach helps isolate the effect that Habitat has apart from broader neighborhood or economic trends.
- **For the survey analyses:** Over 5,000 low-and moderate-income households—including both renters and homeowners—drawn from the AmeriSpeak survey panel serve as a benchmark for financial wellbeing and life satisfaction for Habitat homeowners.

2.3 Analytical Methods

This evaluation utilizes a structured approach to answer the four primary research questions regarding: *Objective Financial Impact* (RQ1); *Financial Resilience and Dynamics* (RQ2); *Subjective Wellbeing and Perceptions* (RQ3); and *Variation and Mechanisms* (RQ4). Our methodology integrates multiple streams of evidence to provide a comprehensive view of how Habitat's model influences a household's financial trajectory.

2.3.1 Impact Analysis—What did Habitat homeownership achieve overall?⁵

The Impact Analysis (Section 4) answers the foundational question: are Habitat homeowners better off than similar homeowners/renters who did not have access to the program? To answer it fairly,

U.S. households, including those often missed by traditional online-only panels (such as households in rural areas and those without high-speed internet).

³ 30% to 100% of the Area Median Income (AMI) at the State level.

⁴ Details in interview affiliate recruitment are in Appendix E.

⁵ For full statistical specifications of the impact analysis, see Appendix B.

Habitat household in this study is matched to a statistical neighbor—someone of similar age, race, income, savings, and zip code, so that differences in outcomes reflect the program, not pre-existing differences between people. We then watch both groups for up to a decade and compare not their levels but their trajectories: how housing stability, credit and savings, housing equity, and wellbeing evolve year by year.

Housing Stability (Section 4.1). We look at housing stability from two angles. First, using the Habitat Homeowner Survey and the national comparison panel, we compare how often Habitat homeowners, non-Habitat renters, and non-Habitat homeowners report falling behind on monthly utility bills or housing payments. These comparisons are adjusted for demographic and income differences, so the groups are as comparable as possible. Second, using Equifax credit records, we focus on homeowners who have already missed at least one mortgage payment and explore what happens next. Among these at-risk households, we track over time whether Habitat homeowners are more or less likely to ultimately lose their homes due to foreclosure compared to similar non-Habitat homeowners. This enables us to examine how well the Habitat model prevents a temporary financial setback from becoming a permanent housing loss.

Financial Capacity (Section 4.2). Using Equifax longitudinal credit data, we explore how credit scores⁶ and liquid assets⁷ change for Habitat homeowners compared to similar non-Habitat individuals residing in their previous neighborhoods (before they bought their home) and their current neighborhoods (after they moved). A key feature of this approach is the before-and-after comparison: we examine how each group's finances changed in the years leading up to and following a Habitat home purchase, then isolate the portion of the difference specifically associated with becoming a Habitat homeowner, beyond broader neighborhood trends, economic conditions, or normal life progression.

Housing Equity (Section 4.3). Another major component of what Habitat homeowners accumulate is home equity—the value of the home above and beyond what they still owe on their mortgage. Because equity builds gradually over many years, we use property value data and mortgage records to simulate how equity and financial returns grow over 30 years under Habitat's mortgage structures. We test different scenarios—varying interest rates, the size of forgivable loans, and the terms of shared appreciation mortgages (SAM)—to show how each design feature shapes the pace and scale of long-term wealth building.

Satisfaction, Confidence, and Life Outlook (Section 4.4). Not everything that matters can be measured in a credit file. Using the Homeowner Survey and the national comparison panel, we compare how Habitat homeowners and similarly situated non-Habitat households assess their own financial lives—including their ability to manage spending, build savings, handle debt, and plan (measured using the Financial Health Network framework⁸). We also compare life

⁶ The Credit Score indicator uses the VantageScore 4.0 model, a tri-bureau scoring mechanism that measures a consumer's creditworthiness on a standard scale from 300 to 850.

⁷ To construct a comprehensive measure of modeled liquid assets and discretionary household wealth, the predictive model aggregates a broad spectrum of direct-measured consumer financial accounts. This metric incorporates traditional liquid deposits like checking, savings, and money market accounts alongside investment portfolios containing stocks, bonds, mutual funds, and exchange-traded funds. Additionally, it factors in retirement assets such as 401(k), 403(b), and Individual Retirement Accounts, as well as the accumulated cash surrender value of permanent life insurance policies and active retail annuity contracts.

⁸ See <https://finhealthnetwork.org/wp-content/uploads/2021/11/FinHealthScoreToolkit-2021.pdf> for details of FHN's FinHealth Score Toolkit.

satisfaction, future optimism, and satisfaction with their home and neighborhood. Just as for the housing stability analysis on housing payments above, all comparisons are statistically adjusted to account for differences in income, age, race and ethnicity, and household structure.

*2.3.2 Outcome Analysis—Which program features make a difference?*⁹

While the Impact Analysis establishes what Habitat achieves on average, the Outcome Analysis (Section 5) asks a more targeted question: what makes it work better? The goal is practical: to identify the program features that affiliates can modify to strengthen outcomes for the homeowners they serve. We examine the four outcome areas—housing stability; financial capacity; housing wealth; and satisfaction, confidence, and life outlook—using two complementary approaches:

- **Within-Habitat Comparisons.** Using Homeowner Survey data, we compare outcomes across Habitat homeowners based on which program features their affiliate offered—for example, whether the affiliate provided dedicated post-purchase staffing or maintained regular monthly contact. This approach identifies which internal program features are associated with stronger outcomes among Habitat homeowners.
- **Market-Interacted Comparisons.** Using Equifax credit data, we test whether specific affiliate programs—such as originating and servicing mortgages in-house and providing direct financial coaching/counseling—strengthen Habitat homeowner outcomes, compared to their non-Habitat neighbors. This approach links program design decisions to objective, measurable financial outcomes relative to the broader market.

These two approaches give affiliates a rigorous evidence base for understanding which investments in program design deliver the greatest returns for homeowners.

*2.3.3 Qualitative Analysis—What do the numbers mean in people's lives?*¹⁰

Quantitative data can show that outcomes improve—but not always why, or what those improvements feel like to the homeowners experiencing them. The Qualitative Analysis (Section 6) fills that gap through in-depth interviews conducted via video call with two groups:

- **Affiliate staff** at 12 purposively selected Habitat affiliates—typically executive directors or program directors (e.g., Affiliate program directors, homeownership program staff, homeowner services staff)—who spoke to how their programs define and support wealth building, how they work with homeowners before and after purchase, and how local housing markets and community resources shape what is possible for homeowners.
- Up to five **Habitat homeowners** from each of the selected affiliates, totaling 38 homeowners, described their pathways into homeownership, what stability and wealth mean to them personally, how their financial lives have changed, and what challenges remain.

All interviews were recorded with consent, transcribed, and deidentified. They are analyzed to explain the patterns the quantitative data reveal—surfacing mechanisms, contexts, and experiences that numbers alone cannot capture. Qualitative evidence plays an interpretive role throughout this report: it does not prove causation but explains why and how outcomes occur and gives direct voice to the homeowners that are at the center of this work.

⁹ For full technical specifications of the outcome analysis, see Appendix C.

¹⁰ For full technical specifications of the qualitative analysis, see Appendices D, E, and F.

2.3.4 Triangulation—Bringing the Evidence Together

Each of the three analyses—impact, outcome, and qualitative—answers different but interconnected questions: The Impact Analysis tells us what Habitat homeownership achieves on average. The Outcome Analysis tells us which program features produce stronger or weaker results. The Qualitative Analysis tells us what those patterns mean in the lives of real homeowners—the pressures they navigate, the relationships that help them succeed, and the aspirations that drive them forward. Where all three streams point in the same direction, the evidence is compelling, offering a strong foundation for confidence and action. Where they diverge, they reveal something equally important: the limits of what data alone can capture or the gap between what a program is designed to do and what homeowners actually experience.

This integrated approach— combining objective household financial data, affiliate-level program data, and qualitative insights from homeowners and affiliates—is what allows the report to move beyond documenting if the Habitat model works, to explaining how it works, for whom, and under what conditions. Section 7 draws these three streams of evidence into a unified interpretation, updating Habitat's Theory of Change in light of what the full body of evidence reveals.

3. DESCRIPTIVE PROFILE

Habitat’s affordable homeownership model is delivered through a diverse network of local affiliates. While affiliates follow a common Habitat framework—emphasizing affordability, sustainability, and homeowner partnership—program design, including selection processes, mortgage terms, and pre- and post-purchase support, varies across affiliates and local contexts.

3.1 Who are the Participating Habitat Affiliates?

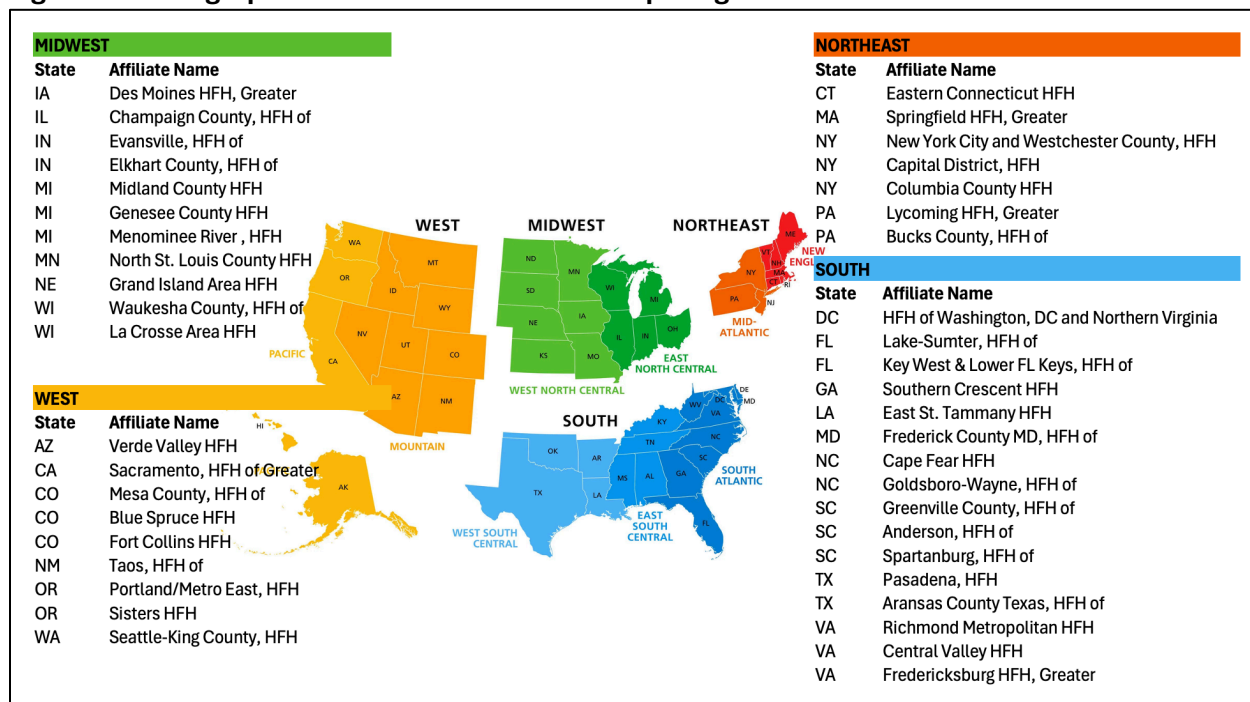
To ensure a representative sample, the evaluation invited 200 Habitat affiliates—selected to reflect the diversity of the roughly 1,100 Habitat affiliates across the U.S. at the time of selection in terms of geography, organizational size, and urbanicity. Of those invited, 43 affiliates participated in and completed the full evaluation process. This section provides descriptive background information on these 43 participating affiliates and the homeowners they serve. Table 3.1 provides a side-by-side description of the total network of 1,073 Habitat affiliates as of the data pull (January 2023), the 200 invited affiliates, and the 43 participating affiliates.

Table 3.1 Descriptive statistics of US affiliates, invited affiliates and participating affiliates

		All US Affiliates (n=1,073)	Invited Affiliates (n=200)	Participating Affiliates (n=43)
Region	Northeast	13.1%	12.0%	14.0%
	Midwest	29.4%	30.0%	25.6%
	South	42.3%	43.0%	37.2%
	West	15.3%	15.0%	23.3%
GSA (Geographic Service Area) size	Very Large	7.6%	7.5%	14.0%
	Large	14.4%	15.0%	27.9%
	Medium	23.6%	27.0%	32.6%
	Intermediate	19.7%	17.5%	14.0%
	Small	34.9%	33.0%	11.6%
Urbanicity	Urban	48.3%	49.5%	74.4%
	Rural	51.7%	50.5%	25.6%

The participating affiliates span all four Census regions and include both urban and rural service areas. Affiliates vary substantially in the scale of their housing production and in the size of the area in which they serve, as measured by the Geographic Service Area (GSA) size category. This diversity reflects variation in local housing markets and organizational capacity within the Habitat network. Relative to the national affiliate distribution, the participating affiliates include a broad cross-section of urban and rural affiliates, as well as small, medium, large, and very large GSA size, though some categories—particularly rural and small affiliates—are less represented than originally targeted. These patterns reflect practical constraints in recruitment and data validation, rather than systematic exclusion, and are documented transparently as part of the evaluation’s design process.

Figure 3.1. Geographic Distribution of the Participating Affiliates



3.2 Habitat Households Contexts and Analytic Benchmarks

Understanding who Habitat serves—and the financial and demographic contexts households bring into homeownership—is essential for interpreting the outcome trajectories estimated later in the report. Because Habitat affiliates intentionally prioritize households facing structural barriers to conventional homeownership, baseline conditions among Habitat homeowners differ meaningfully from those of typical homeowners.

Across the participating affiliates, Habitat households included in the evaluation reflect substantial diversity in demographic and economic characteristics. Using the HPR, Habitat’s administrative data records, this section describes the population-level profile of households served by Habitat programs represented in the study.

Habitat households span a wide range of ages and household structures, including single-adult households as well as those without and with children. Racial and ethnic diversity is a defining feature of the Habitat population, with a high proportion of Black, Hispanic, and other households of color relative to national homeownership averages. This diversity reflects both Habitat’s income eligibility criteria and the broader structural barriers to conventional homeownership faced by many households served by the program.

Table 3.2 Demographic Characteristics of Habitat Households

	Habitat Network	Participating Affiliates	ACS 2024
Gender (head of household)			
Male	8.61%	7.81%	n/a
Female	57.51%	55.77%	n/a
Held Jointly	33.88%	36.42%	n/a
Race/ethnicity			
White, Non-Hispanic (NH)	27.29%	26.13%	56.4%
Black, NH	45.05%	43.92%	11.7%
Asian, NH	4.66%	11.62%	6.2%

Hispanic	19.89%	16.33%	20.0%
Others	3.11%	2.00%	5.7%
Household structure			
<i>Household Size</i>			
Mean	3.36	3.39	2.50
Standard Deviation	(1.77)	(1.68)	-

4. IMPACT ANALYSIS

The focus of the impact analysis is to explore whether and how Habitat’s affordable homeownership programs improve families’ housing stability, asset building, financial capacity, and wellbeing. Together, these results answer the evaluation’s central question: whether Habitat’s model supports not only access to homeownership but also sustained stability and measurable economic progress after home purchase.

Across the current section, results are presented by outcome and data source, using statistical analysis to ensure fair comparisons between Habitat homeowners and non-Habitat households, including both homeowners and renters. We begin with housing-related outcomes, followed by financial outcomes, and conclude with overall wellbeing. Throughout, we highlight the size and direction of observed differences and note where results are statistically meaningful. The aim is to provide a clear overview of what the quantitative evidence indicates, while reserving synthesis and overall takeaways for the report’s concluding section.

4.1 Housing Stability: Managing Risk Without Housing Loss

Housing stability represents the foundational condition in Habitat’s affordable homeownership model. By lowering monthly housing costs and reducing exposure to payment volatility, Habitat programs are designed to mitigate housing-related financial risk and protect households with lower incomes from severe adverse events such as foreclosure. This subsection examines housing stability through two complementary lenses: the likelihood of experiencing housing-related payment hardship among households exposed to mortgage obligations, and the risk that delinquency escalates into foreclosure over time.¹¹

4.1.1 Housing-related Hardships Among Exposed Households

The first set of analyses examines three housing-related hardships—utility payment delays, 30-day rent or mortgage delinquency, and 60-day rent or mortgage delinquency—derived from the Habitat Family Survey and a comparable AmeriSpeak sample of households with rent or mortgage obligations. Figure 4.1 reports adjusted estimates that account for differences in demographics, socioeconomic status, geographic location, and household structure. Collectively, these results help us tell the difference between short-term financial stress and long-term housing instability.

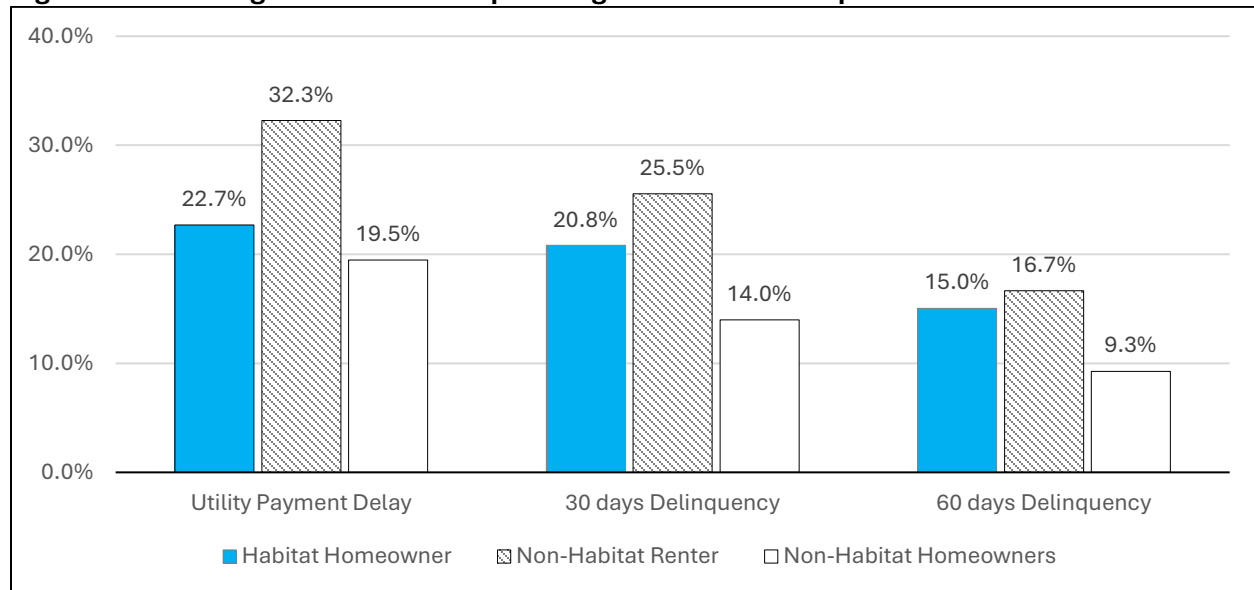
Overall, findings show that Habitat homeownership improves financial stability compared to renting. Habitat homeowners are less likely than non-Habitat renters to experience utility payment delays (22.7% versus 32.3%) and are also less likely to report being 30 days past due on housing payments (20.8% versus 25.5%; See Figure 4.1). These findings suggest that affordable homeownership through Habitat helps families pay their bills and housing costs more consistently over time. Compared with non-Habitat homeowners, however, Habitat homeowners are somewhat more likely to experience short-term payment challenges. Habitat homeowners are more likely to experience utility payment delays and 30-day mortgage payment delinquencies than non-Habitat homeowners (19.5%-utility delay; 14.0%-30-day delinquency), reflecting differences in baseline

¹¹ Interpretation of housing stability outcomes requires careful attention to exposure. Many Habitat households were renters prior to program participation and therefore did not face mortgage delinquency risk before purchase. As a result, pre–post time series analyses of mortgage delinquency are not appropriate, as the pre-purchase period reflects absence of exposure rather than financial behavior. To address this limitation, the evaluation employs two distinct but complementary analytic strategies. First, regression-adjusted survey-based models estimate the likelihood of housing-related payment hardship among households currently exposed to mortgage obligations (Section 4.1.1). Second, longitudinal survival models using Equifax credit bureau data examine foreclosure risk conditional on having experienced delinquency (Section 4.1.2).

financial resources and starting positions. Differences narrow for more severe hardship: 15.0% of Habitat homeowners are 60 days behind on housing payments, compared with 16.7% of non-Habitat renters and 9.3% of non-Habitat homeowners. Overall, while Habitat households encounter some short-term payment disruptions, they are not disproportionately likely to experience prolonged delinquency relative to renters once observable characteristics are taken into account.

These findings highlight the difference between everyday financial stress and true housing instability. Habitat homeowners face ongoing short-term money challenges, which is expected given that the program serves families who start with limited financial resources. However, those challenges are less likely to grow into serious or long-term nonpayment.

Figure 4.1. Housing-Related Hardship Among Habitat and Comparison Households



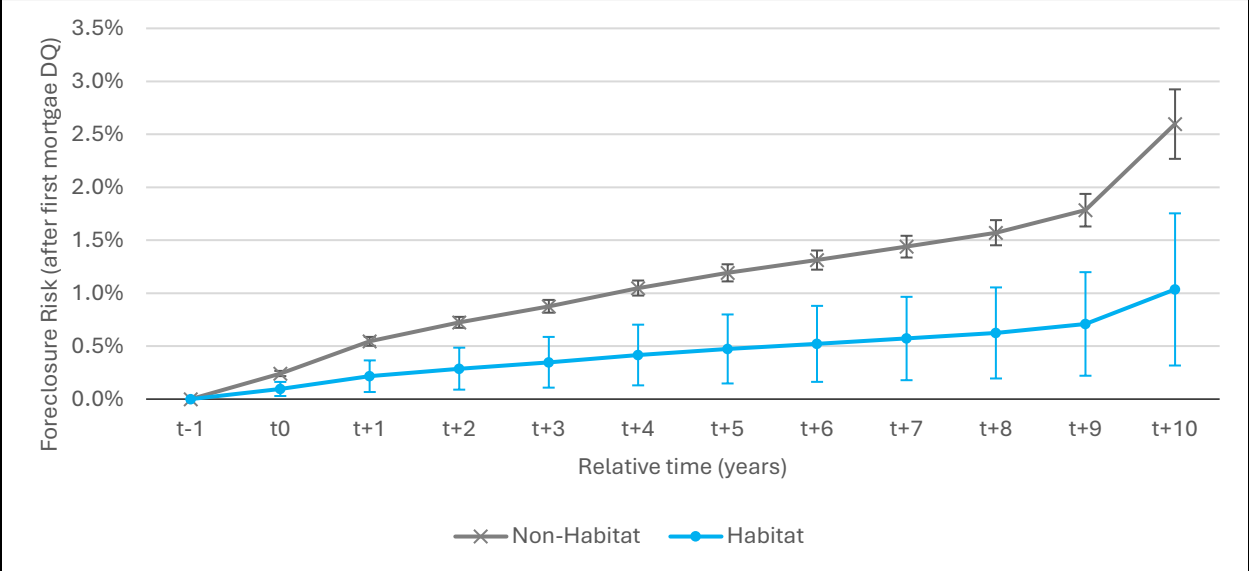
4.1.2 Foreclosure Risk Conditional on Delinquency

Many low-income homeowners—Habitat or otherwise—will miss a mortgage payment at some point in a decade. The question that matters is what happens next. To assess whether mortgage delinquency translates into severe housing loss, the evaluation next examines foreclosure risk between Habitat and non-Habitat homeowners using longitudinal Equifax credit bureau data, which contains historical information on mortgage delinquencies and foreclosures for each household in the sample. These analyses restrict the sample to households that have experienced at least one episode of 30-day or longer delinquency and employ survival analysis techniques to estimate both the timing and likelihood of foreclosure over time. Figure 4.2 shows the foreclosure risk of Habitat and non-Habitat homeowners from the year in which the first 30-day delinquency occurs to 10-years after that delinquency.

Results indicate that among households that experience delinquency, Habitat homeowners are substantially less likely to lose their homes to foreclosure than similar non-Habitat households living in comparable areas. Specifically, Habitat households face approximately a 56% lower risk of foreclosure after they first miss a mortgage payment. As illustrated in Figure 4.2, Habitat homeowners are not only less likely to progress from delinquency to foreclosure, but when foreclosure does occur, it tends to occur later, indicating greater resilience and longer-term housing stability.

These differences hold even after taking households’ financial situations and local housing market conditions into account. In other words, while Habitat households may occasionally fall behind on payments, these short-term challenges are far less likely to lead to permanent housing loss when compared with non-Habitat households.

Figure 4.2. Foreclosure Risk Following Delinquency: Habitat vs. Non-Habitat Homeowners



Note: The vertical "whisker" lines show our 95% confidence range; the smaller the line, the more precise the data.

This evidence indicates that Habitat’s affordable homeownership model manages housing-related risk by limiting the progression from short-term financial stress to irreversible housing loss. While financial stress is not completely eliminated, affordability structures and servicing practices appear to prevent temporary disruptions from cascading into foreclosure.

4.2 Financial Capacity: Improving Credit Score and Liquid Assets

Sustained housing affordability and stability create the foundation for wealth building and financial wellbeing through two interrelated channels: accumulation of housing equity and strengthening of households’ broader financial position, including credit standing and liquid assets. Unlike short-term indicators of housing stability or financial distress, these outcomes reflect longer-term financial capacity and grow cumulatively over time. This section focuses on liquid asset accumulation and credit score improvement by examining how Habitat’s affordable homeownership programs translate into long-term wealth building and financial wellbeing through strengthening financial capacity assets.

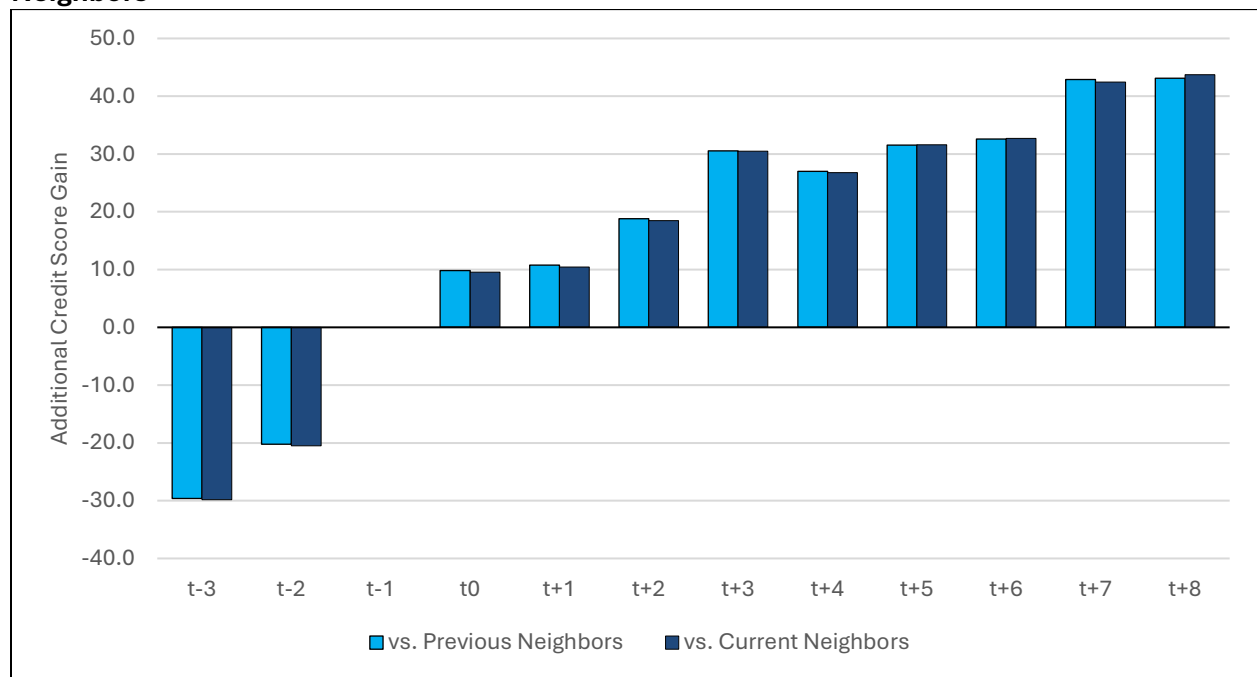
Using a statistical model and long-term data (see Appendix B3 for in-depth analytical design), we compared the growth of liquid assets and credit scores between Habitat homeowners and a similar group of non-Habitat homeowners residing in their current and previous neighborhoods. This approach shows how Habitat homeownership can reshape a household’s financial trajectory over time. It also allows us to separate the specific “boost” provided by the program from outside factors, such as broader economic trends, neighborhood conditions, or the normal changes in a person’s finances as they age.

4.2.1 Credit Improvements After Becoming a Habitat Homeowner

Habitat homeownership is associated with strong and sustained improvements in credit standing. Our analysis indicates that Habitat homeowners experience sizable additional credit score gains relative to similar non-Habitat homeowners, whether compared to their former neighbors (+22.3 points) or those in their new communities (+22.1 points). In credit building, 22 points can make a massive difference. At the start of their journey, Habitat homeowners have an average Vantage 4.0 credit score of 638.4, which sits in the 'Fair' range. A 22-point boost is often the exact margin needed to push a family's score over the line from 'Fair' to 'Good,' unlocking much better financial opportunities.

As shown in Figure 4.3, these financial benefits are not a one-time event but a gradual, upward progression. While initial improvements of approximately 10 points emerge in the first two years, these gains continue to build steadily the longer a family remains in their home. Specifically, credit gains more than double by the third year of homeownership, reaching a threshold of 30.5 points compared to current neighbors. This upward trajectory continues until it reaches a significant peak at year eight (t+8), with a maximum gain of 43.1 points compared to former neighbors and 43.7 points compared to new neighbors.

Figure 4.3. Credit Score Gains for Habitat Homeowners Relative to Previous and Current Neighbors

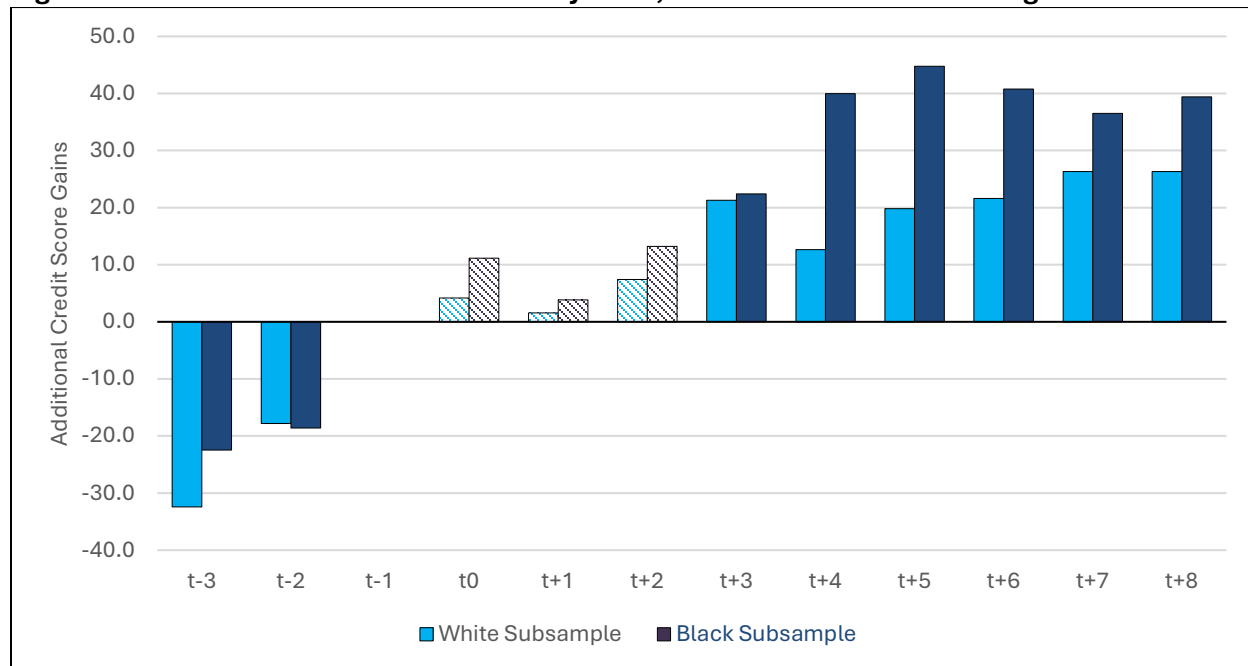


Note: Solid bars represent statistically significant results—outcomes we are 95% certain are reliable. Dashed bars indicate results where the data was not strong enough to rule out random chance. In this graph, all the credit gain estimates are statistically significant.

Subgroup analyses reveal significant differences in the magnitude and timing of credit gains by race. While both White and Black Habitat homeowners experience meaningful improvements relative to their current neighbors, gains are substantially larger and more sustained among Black homeowners. For White Habitat homeowners, credit scores increase gradually over time, yielding an overall gain of 12 points relative to White non-Habitat homeowners in the current neighborhood, with gains exceeding 25 points by year seven (Figure 4.4). Strikingly, Black Habitat homeowners experience markedly larger improvements relative to Black non-Habitat homeowners in their

current neighborhood. On average, improvements approach 23 points and accelerate several years after purchase. By five years into homeownership, estimated gains approaching 45 points—levels often sufficient to move households across key credit thresholds that affect access to lower-cost financial products. Although Black Habitat homeowners exhibit greater short-term volatility around the time of purchase, this early instability is followed by pronounced and sustained improvement. This pattern demonstrates that Habitat’s unique model of mortgage management provides a durable financial foundation, particularly for Black households. By combining affordability with personalized support, the model enables families to achieve sustained credit growth, even when navigating the long-run challenges of homeownership.

Figure 4.4. Credit Score Gains Over Time by Race, Relative to the Current Neighbors



Note: Solid bars represent statistically significant results—outcomes we are 95% certain are reliable. Dashed bars (between t0 and t+2) indicate results where the data was not strong enough to rule out random chance.

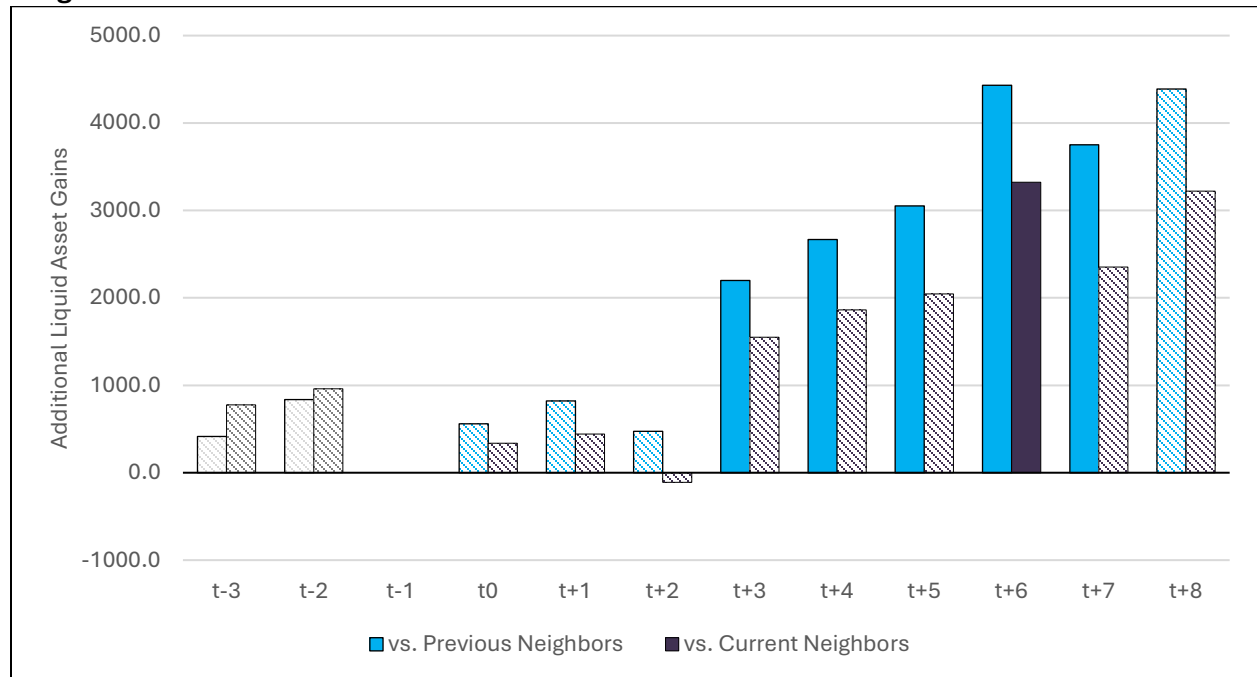
4.2.2 Building Liquid Buffers: Savings and Financial Resilience

Estimated impacts of Habitat homeownership on liquid asset accumulation are positive but more modest—and slower to emerge—than those observed for credit outcomes. Relative to previous neighbors, Habitat homeowners accumulate approximately \$1,800 more in liquid assets on average. Comparisons with current neighbors yield smaller and less precise estimates, indicating that near-term differences in savings are relatively subtle and sensitive to comparison context. These patterns suggest that liquid asset gains are neither immediate nor universal but instead emerge gradually across households.

The timing of these effects is more revealing than their average magnitude. In the years immediately before and after purchase, estimated impacts on liquid assets are small and statistically indistinguishable from zero. This pattern likely reflects financial adjustments associated with entering homeownership, including upfront costs, new payment obligations, and the prioritization of stabilizing housing expenses over savings. Importantly, this period does not appear to involve sustained drawdown or erosion of savings, but rather a temporary pause in accumulation.

Beginning roughly three to four years after purchase, a consistent upward trend emerges. Relative to households in their previous neighborhoods, Habitat homeowners accumulate an additional \$2,200 in liquid assets by year three, growing to over \$3,000 by year five and reaching a peak of more than \$4,400 by year six. Gains remain above \$3,700 in year seven. Comparisons with their current neighbors show a similar but somewhat attenuated pattern, with gains exceeding \$3,000 by year six. While the estimated liquid amount becomes more varied in the later years, the upward trajectory and lasting nature of these gains remain consistent across all groups

Figure 4.5. Liquid Asset Growth for Habitat Homeowners Relative to Previous and Current Neighbors Over Time

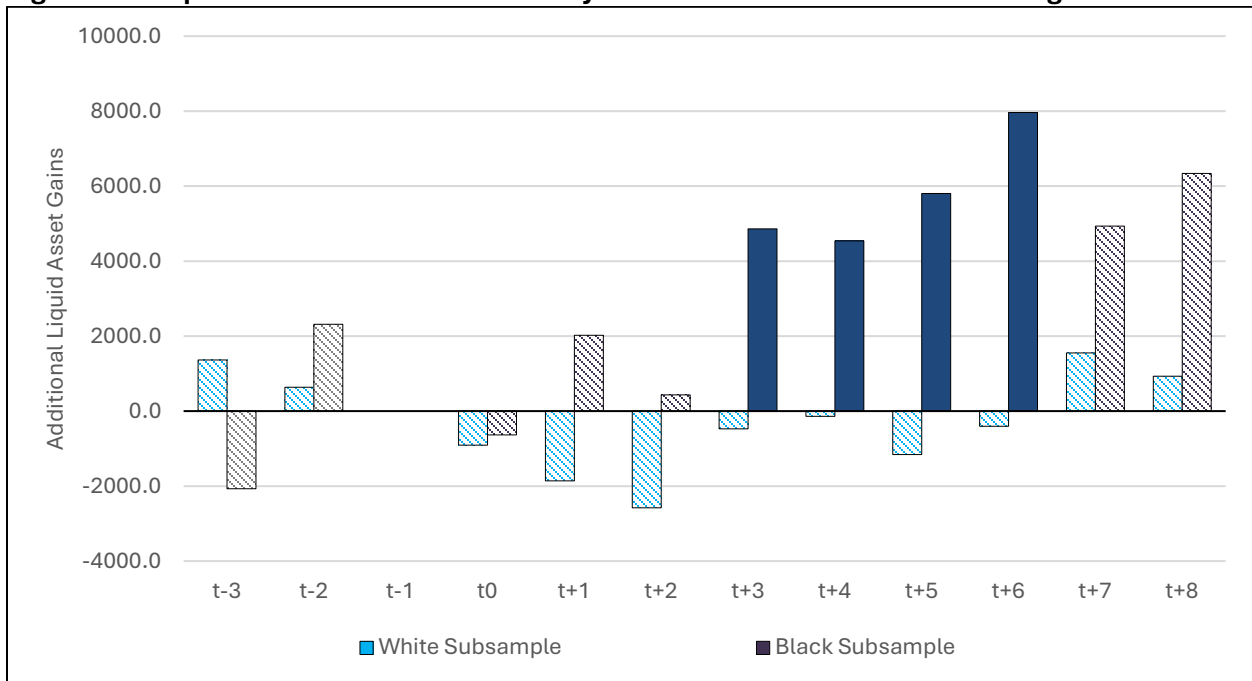


Note: Solid bars represent statistically significant results—outcomes we are 95% certain are reliable. Dashed bars indicate results where the data was not strong enough to rule out random chance.

The picture changes when you look by race (Figure 4.6). For White Habitat homeowners, estimated liquid asset effects are small and inconsistent over time, with no clear evidence of sustained accumulation relative to White non-Habitat neighbors. This pattern likely reflects higher baseline asset levels and lower marginal returns to additional stabilization; for these households, Habitat’s primary contribution appears to be preserving financial stability rather than generating large incremental savings.

In contrast, Black Habitat homeowners experience pronounced and sustained liquid asset gains. Relative to Black residents in their current neighborhoods, Black Habitat households accumulate approximately \$3,100 more in liquid assets on average, with gains accelerating several years after purchase. By five to six years into homeownership, estimated differences reach approximately \$5,800 and nearly \$8,000, respectively—magnitudes that are economically meaningful and consistent with the easing of long-standing liquidity constraints.

Figure 4.6. Liquid Asset Growth Over Time by Race Relative to their Current Neighbors



Note: Solid bars represent statistically significant results—outcomes we are 95% certain are reliable. Dashed bars indicate results where the data was not strong enough to rule out random chance.

4.3 Housing Equity: Building Housing Wealth Through Affordable Homeownership

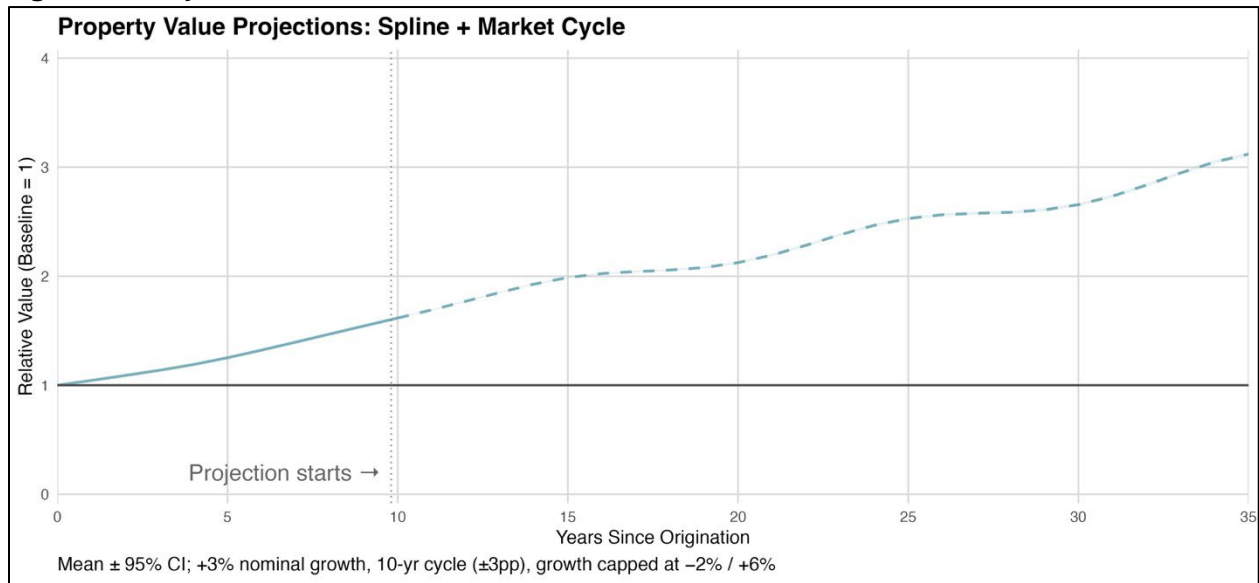
Earlier sections showed improvements in credit scores and savings, but these “liquid” assets are only part of Habitat’s wealth building impact. Much of the financial gain comes from home equity, which would be accumulated over time and does not appear in credit data. To capture this, the current section uses long-term simulations to show how Habitat homeowners build housing wealth over 30 years after purchasing their home.

The simulations focus on two main drivers of housing equity accumulation: rising home values and steady repayment of the mortgage. Together, these determine how quickly equity grows and when households reach the “break-even” point—when their net home equity (composed of their down payments, housing appreciation, and cumulative principal reduction) exceeds total out-of-pocket housing costs, including principal payment, taxes, interest, and insurance. We also examine how features like low-interest mortgages, forgivable assistance, and shared appreciation rules affect the pace of wealth building. Overall, the results show how affordable monthly payments can become a lasting financial asset.

4.3.1 Home Values Over Time: The Foundation of Housing Wealth¹²

Figure 4.7 illustrates how a Habitat home’s value is projected to grow over 30 years after purchase. Using conservative market assumptions,¹³ the simulation shows that homes typically increase to 1.6 times their purchase value by year 10, 2.2 times by year 20, and 2.7 times by year 30, even when taking inflation and housing depreciation into account. This steady increase in property value identifies market growth as a primary driver of long-term wealth, confirming that stable homeownership creates a powerful pathway for households to build significant assets over time.

Figure 4.7 Projected Home Value Growth Over 30 Years



4.3.2 How Mortgage Interest Rates Shape Equity and Returns¹⁴

While market appreciation benefits all homeowners, the mortgage interest rate determines the efficiency of principal repayment by determining how quickly the loan balance declines and how much interest accrues. In a conventional mortgage with a 6% interest rate—reflective of many market-rate products, which is represented by red in Figure 4.8—a large portion of early payments

¹² All projections are expressed in nominal terms, and real returns will be lower in high-inflation environments. Projections are based on a period of strong housing market performance and incorporate conservative adjustments; outcomes will vary across places and over time.

¹³ Projections are generated using a flexible panel-data spline model that incorporates conservative housing market assumptions—3% nominal annual growth, a 10-year housing market cycle, and exponential damping to limit long-run extrapolation.

¹⁴ Each figure in this section illustrates equity accumulation (left graph) and return on investment (ROI; right graph) over time under different interest rate scenario. First equity accumulation. At the point of purchase (year 0), the home’s purchase price is equal to its market value, so the relative value begins at 1. Over time, the property is assumed to appreciate, as shown by the gray dashed line. A value of 1 represents the point at which the home is fully paid off relative to its original value. The colored lines represent how equity builds under different interest rates. Values are below 1 reflect the process of paying down the mortgage, where a portion of the home is still financed. Once the lines rise above 1, it indicates additional equity gained through market appreciation beyond the original purchase price.

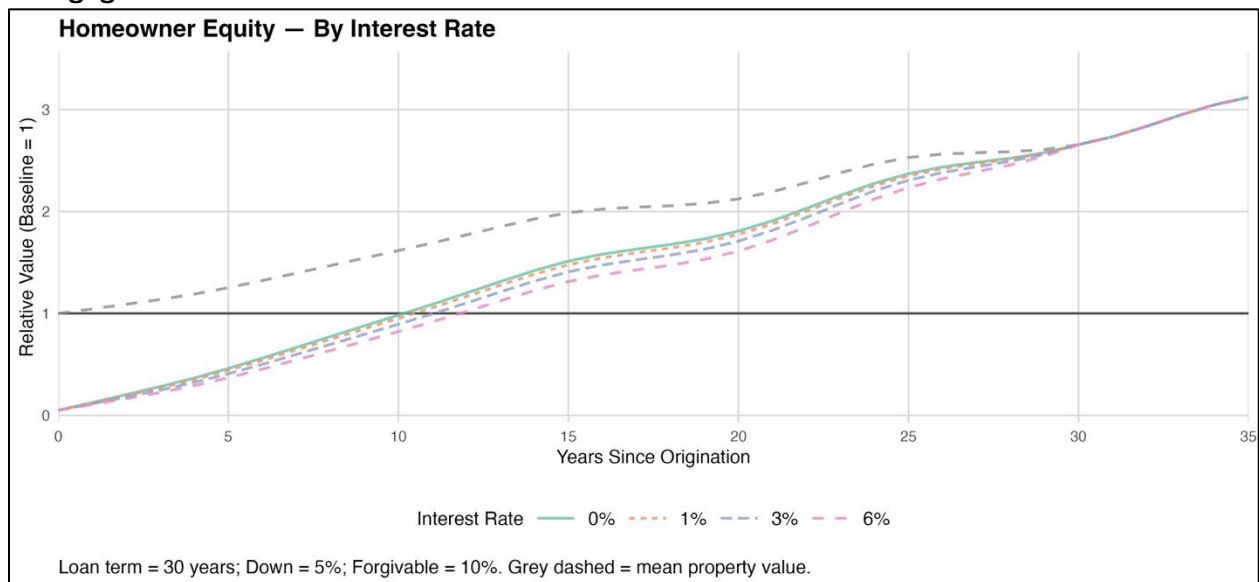
Second, Return on Investment (ROI). An ROI of 1 means the homeowner’s accumulated equity exactly equals their housing costs, the sum of principal, interest and property insurance and taxes. An ROI above 1.0 indicates that the home has become a net source of wealth. In other words, higher ROI means the home is "paying back" more, as its value is growing faster than the costs of owning it. Conversely, an ROI less than 1 means that housing costs exceed the accumulated equity in the home.

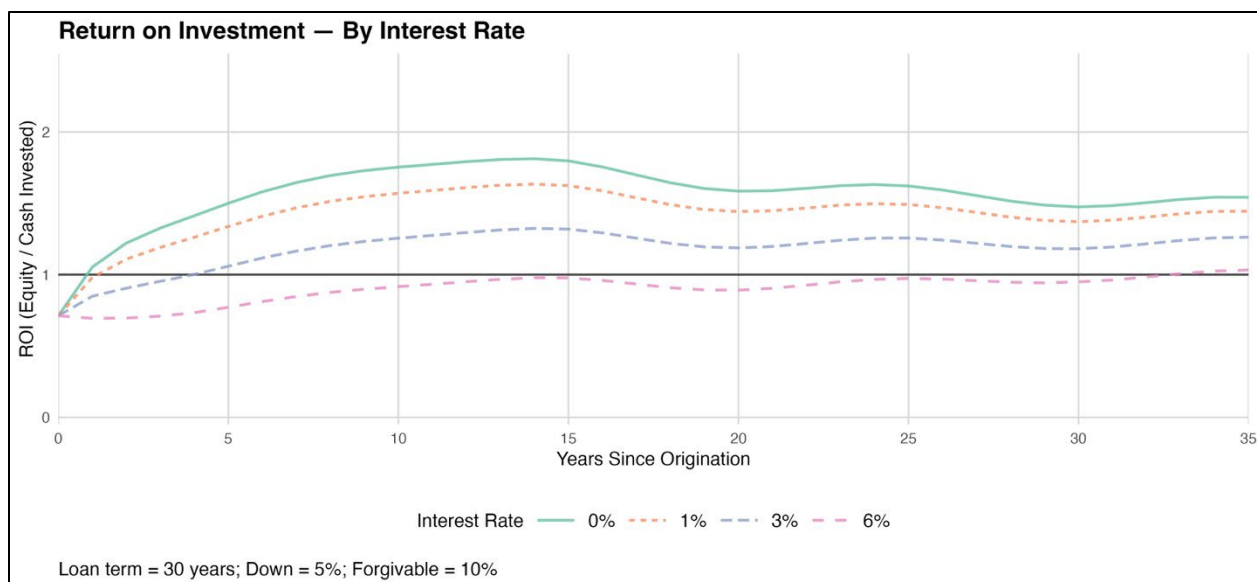
is directed toward interest rather than reduction in principal. This slows the accumulation of equity and delays the point at which the home becomes a net financial asset for the household.

In contrast, the 0 to 1% interest rates typical of Habitat mortgages ensure that nearly the entire monthly payment reduces the loan balance from the first day of ownership. Under a 0% mortgage scenario (green), equity grows to approximately the home’s original purchase value by year 10 and reaches more than 2.6 times that value by year 30. This accelerated repayment schedule allows Habitat homeowners to build equity significantly faster than they would through conventional financing, providing a more robust financial cushion during the critical middle years of homeownership.

The impact of interest rates is also reflected in the ROI. Under 0–1% financing, the ROI improves rapidly as monthly payments efficiently build principal alongside market appreciation. In these scenarios, the ROI typically peaks between years 10 and 15, reaching a level where the household's accumulated equity exceeds their total cumulative housing costs by 60% to 80%. Conversely, under a 6% mortgage, the simulation suggests that ROI can remain below 1.0 for the entire 30-year horizon. This indicates that for many low-income households, the high cost of interest in a conventional mortgage can result in cumulative housing expenses that exceed the equity in the home.

Figure 4.8. Equity Growth (Top) and Returns on Investment (Bottom) Under Alternative Mortgage Interest Rates





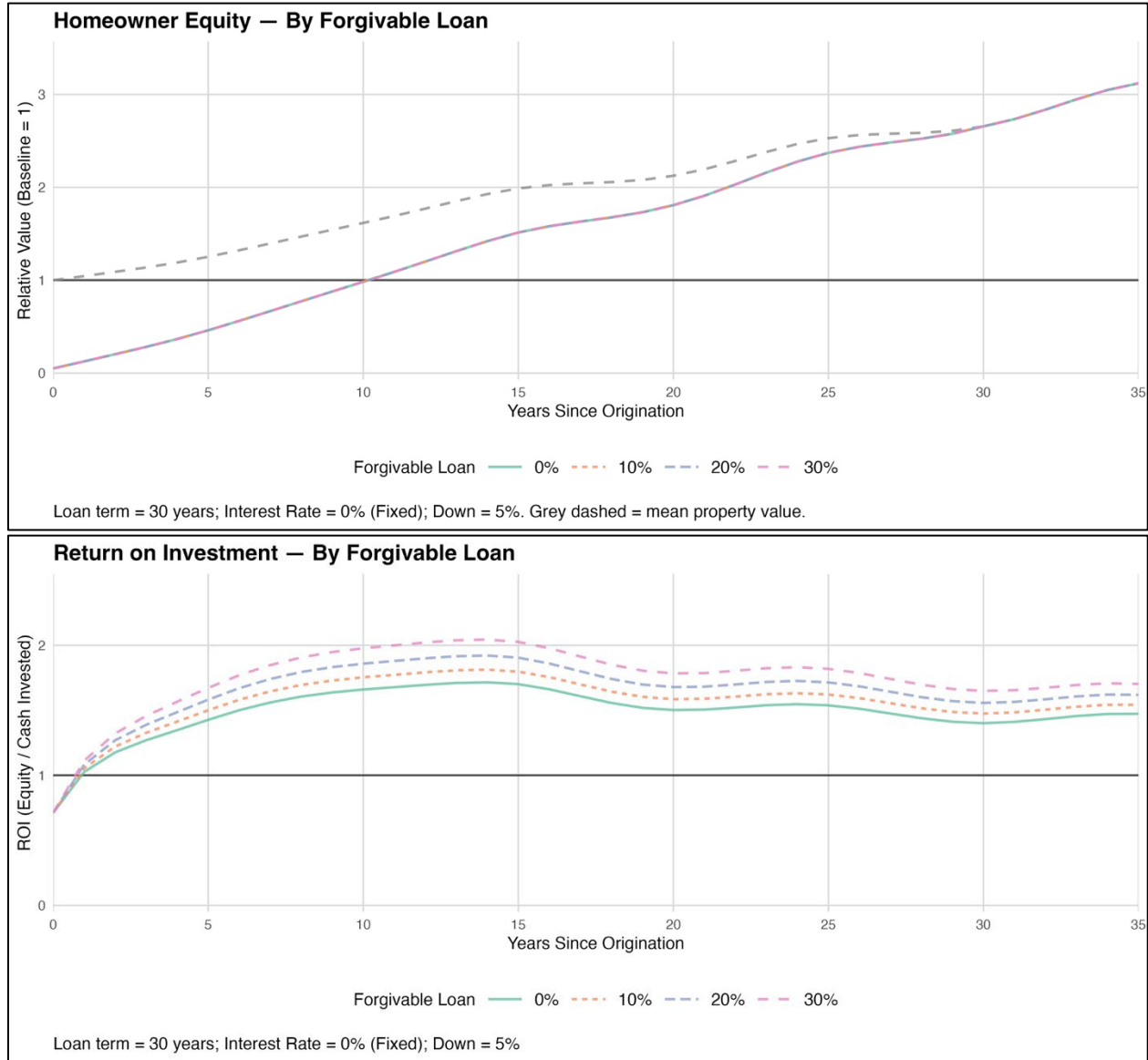
4.3.3 Forgivable Loans: Boosting Early Returns and Financial Resilience

While low-interest mortgages make monthly payments more efficient, they do not always address the high upfront costs that can prevent low-income households from buying a home. Forgivable assistance—often provided as a secondary loan that is forgiven over time—complements Habitat’s financing by reducing these initial costs. Unlike interest rates, which change how fast a household builds equity every month, forgivable assistance primarily affects the household’s “cost basis,” or the total amount of their own money they have invested in the property.

Our simulations show that while the amount of forgivable assistance has no impacts on the actual growth of home equity over time, it significantly improves ROI, especially in the early years of homeownership. By lowering the original loan amount and therefore reducing the monthly out-of-pocket expenses for the homeowner, these loans mechanically increase the financial return of the home. For example, around year 10, a household with 30% forgivable assistance (purple dashed line in Figure 4.9) reaches an ROI of nearly 2.0, meaning their equity is double what they have personally spent on the home. Without this assistance (green solid line in Figure 4.9), the ROI for the same period would be closer to 1.7.

This early boost in ROI strengthens a household’s financial resilience during the first decade of ownership, a period when many households face the tightest budget constraints. However, because these high returns can be realized quickly in appreciating markets, they may also create an incentive for homeowners to sell the property early to capture those gains. This creates a potential tension between a household’s short-term financial benefit and the long-term goal of maintaining affordable housing in the community—a challenge that many affiliates address through the shared appreciation mechanisms discussed in the next section.

Figure 4.9. Equity Growth (Left) and Returns on Investment (Right) Under Different Forgivable Loan Structures



4.3.4 Shared Appreciation Mortgages: Aligning Wealth Building with Long-Term Affordability

Shared appreciation mortgages (SAMs) are designed to balance a family’s opportunity for financial gain with a community’s need for long-term affordable housing. While forgivable assistance (discussed in the previous section) lowers the barrier to buying a home and boosts initial returns, SAMs act as a structural counterbalance. This model regulates when and how much of the home’s increased market value a homeowner can pocket if they choose to sell the property early.

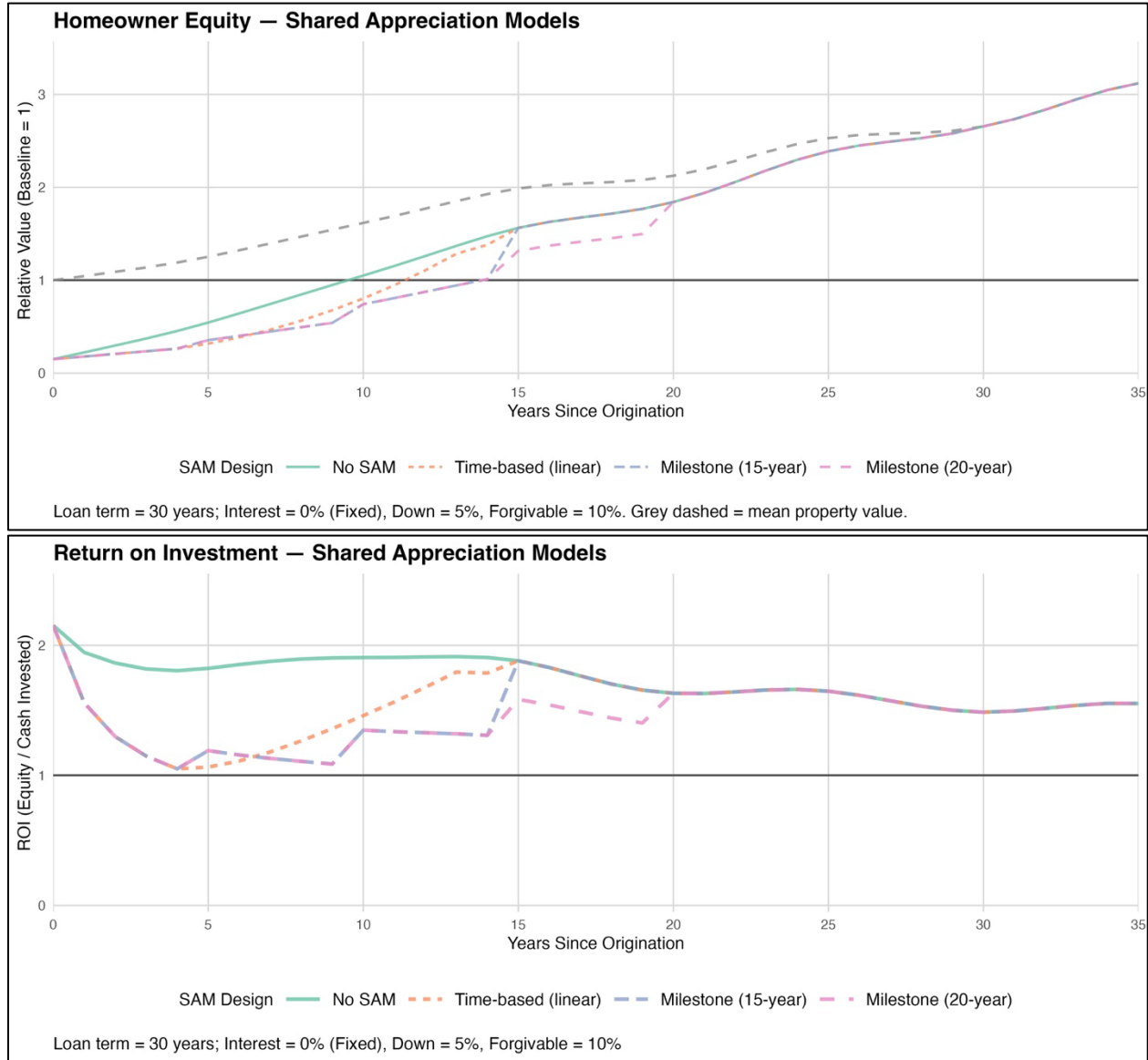
The top graph in Figure 4.10 shows that the timeline for when a family fully recovers their initial investment varies by program design. In the No SAM scenario (green), the homeowner's paper equity matches the original purchase price (a value of 1) by year 10. For all other SAM scenarios, this baseline milestone is reached slightly later, between years 10 and 15, as the resale restrictions temporarily slow the intermediate equity path. Crucially, as these restrictions phase

out over the life of the loan, all models eventually merge. By year 30, equity in every single scenario exceeds 2.6 times the original purchase price, proving that SAMs do not hinder long-term wealth accumulation for families who stay in their homes.

The ROI shown in the bottom graph is where the impact of SAMs is most visible. During the first 5 to 15 years, all three SAM models result in a significantly lower ROI compared to the No SAM scenario, with returns dipping close to the break-even threshold of 1.0 around year 4. This initial drop highlights a clear trade-off: SAM provisions can effectively "lock" homeowners into their properties early on, as selling during this window yields a much lower financial return on their invested cash.

However, the simulation also demonstrates that this lock-in effect is temporary and serves a broader purpose. Ultimately, these mechanisms do not prevent wealth accumulation; they simply re-time it. By encouraging families to stay in their homes longer, SAMs align financial incentives with the goals of housing stability and community investment. This ensures the home remains a stable platform for the current family to build long-term wealth, while successfully preserving Habitat's ability to affordable housing for future generations.

Figure 4.10. Equity Growths (Left) and Returns on Investment (Right) Under Alternative Shared Appreciation Mortgage Designs



Notes: No SAM (represented by the red line): Homeowners retain 100% of appreciation regardless of tenure length, serving as a benchmark for unrestricted resale outcomes; Time-Based (Linear) SAM (green line): The shared portion of appreciation declines gradually over time, beginning at 100% in the early years and phasing out entirely by year 16, after which homeowners retain full appreciation; Milestone-Based SAM (15-Year Term; blue line): Homeowners retain 0% of appreciation if they sell within the first five years, 25% between years 5–10, 50% between years 10–15, and 100% thereafter. Milestone-Based SAM (20-Year Term; purple line): Appreciation vests more slowly, with homeowners retaining 0% in the first five years, 25% between years 5–10, 50% between years 10–15, 75% between years 15–20, and full appreciation only after 20 years.

4.4. Beyond Wealth: Satisfaction, Confidence, and Life Outlook

The accumulation of housing wealth does more than just improve a balance sheet; it fundamentally shifts a household’s outlook on life. For Habitat families, the transition from immediate financial stability to the growth of long-term housing equity creates a profound sense of security. Research suggests that homeownership serves as a unique "psychological anchor," where the knowledge of owning an appreciating asset and having an equity buffer correlate

significantly with increased life satisfaction and subjective wellbeing (Dietz & Haurin, 2003; Rohe et al., 2002).

This wealth fosters a cognitive shift where families move from short-term survival to long-term planning. Because the Habitat model provides predictable housing costs, families are better positioned to plan for their children's education, invest in their health, and approach retirement with optimism rather than fear. These financial gains do not exist in a vacuum; they act as the necessary foundation for broader human flourishing and a measurably higher quality of life (Yun & Evangelou, 2016).

This section explores these wellbeing outcomes, drawing primarily on the Habitat Family Survey. To provide context, we compare Habitat homeowners to lower income non-Habitat households both renters and homeowners, using national benchmarks where available. These results are descriptive and are intended to complement the objective financial outcomes presented in Sections 4.2 and 4.3. By documenting how homeowners perceive and experience the impacts of affordable homeownership, this analysis provides a more complete picture of what it means for a family to truly be "at home."

4.4.1 Satisfaction with Home and Neighborhood

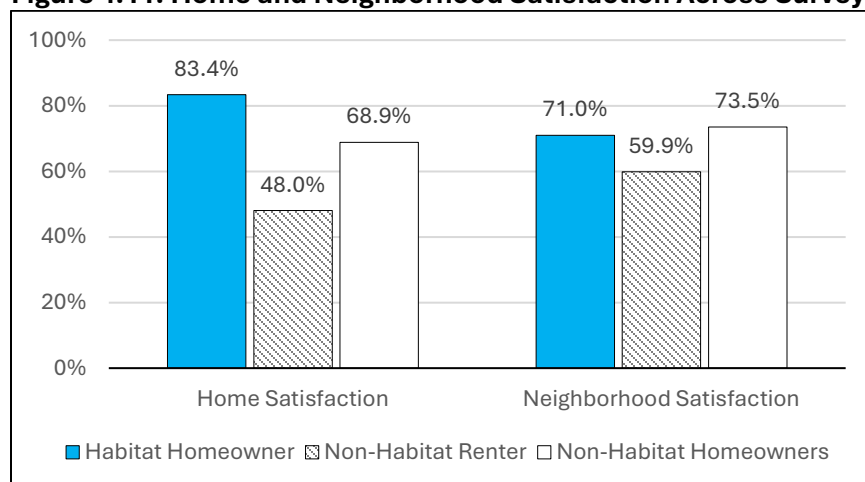
Housing satisfaction is a core indicator of residential stability and wellbeing, reflecting not only physical housing quality but also perceptions of safety, control, and permanence. Our statistical analyses shows that Habitat homeowners report substantially higher satisfaction with their homes than both renter and non-Habitat homeowners. More than four in five Habitat homeowners (83.4%) are predicted to report being "satisfied" or "very satisfied" with their current home, compared with 48.0% of renters and 68.9% of non-Habitat homeowners (Figure 4.11). These differences suggest that Habitat homeownership delivers meaningful improvements in perceived housing quality, even relative to other ownership pathways with greater market choice.

Elevated satisfaction may also reflect the distinctive sweat equity model embedded in Habitat's program design. By participating directly in the construction of their homes, Habitat homeowners may develop a stronger sense of attachment, ownership, and pride in their living environment—dimensions of satisfaction that extend beyond physical quality alone.

Patterns for neighborhood satisfaction are more nuanced (Figure 4.11). Habitat homeowners report predicted neighborhood satisfaction rates of 71.0%, substantially higher than renters (59.9%) and nearly indistinguishable from non-Habitat homeowners (73.5%). This finding is notable given that Habitat families typically face limited location choice at the point of purchase.

Combined with large gains in home satisfaction, these results suggest that Habitat's affordable homeownership model supports not only financial and structural stability, but also a strong sense of comfort, pride, and belonging—key experiential dimensions of long-term residential wellbeing.

Figure 4.11. Home and Neighborhood Satisfaction Across Survey Groups



4.4.2 Financial Health Score

To assess financial wellbeing more comprehensively, the evaluation applies the Financial Health Network (FHN) framework, which measures financial health across four domains—spending, saving, borrowing, and planning¹⁵—capturing both current conditions and forward-looking financial behaviors. Statistical analysis indicate that Habitat homeowners exhibit higher overall financial wellbeing than both renters and non-Habitat homeowners.

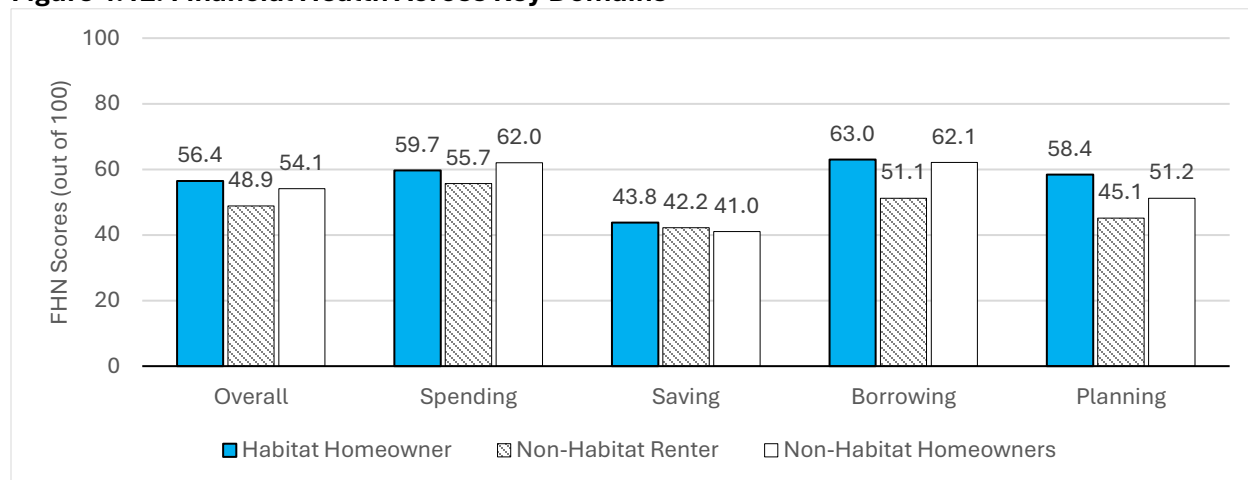
Habitat homeowners perform strongest in the borrowing and planning domains (Figure 4.12). In borrowing, Habitat homeowners have a predicted score of 63.0, substantially higher than renters (51.1) and comparable to non-Habitat homeowners (62.1), reflecting greater confidence in managing debt and maintaining healthy credit. In planning, Habitat homeowners score 58.4, well above renters (45.1) and higher than non-Habitat homeowners (51.2), indicating stronger future orientation and preparedness for unexpected expenses.

Differences in spending behaviors are more modest. Habitat homeowners’ spending score (59.7) is similar to that of renters (55.7) and slightly lower than that of non-Habitat homeowners (62.0), suggesting that affordability stabilizes payment obligations but does not fully eliminate day-to-day financial tradeoffs. Savings is the most challenging domain for all groups. Habitat homeowners score 43.8 in savings—only slightly higher than renters (42.2) and non-Habitat homeowners (41.0)—underscoring the difficulty of accumulating liquid buffers even under more affordable housing conditions.

When compared to national benchmarks, these patterns are particularly notable. Habitat homeowners’ average financial health score of 56.4 places them firmly within the "Financially Coping" tier (scores 40–79), mirroring the status of the majority of U.S. households (55%) in 2022 (Dunn et al., 2022). Notably, while the 2022 national trend showed a decline in financial health for the first time in five years, driven by inflation and the exhaustion of pandemic-era supports, Habitat homeowners maintained scores closely aligned with the broader U.S. population.

¹⁵ **Spending** measures cash flow management by looking at whether a household is spending less than their income and paying all bills on time and in full; **Saving** measures financial resilience and future-readiness based on the adequacy of short-term liquid savings (for emergencies) and progress toward long-term goals (like retirement); **Borrowing** measures debt health by evaluating if total debt is manageable and if the individual has a prime credit score to access affordable capital; **Planning** measures proactive management and protection, focusing on whether the household is planning ahead financially and maintains adequate insurance coverage for unforeseen events.

Figure 4.12. Financial Health Across Key Domains



4.4.3 Life Satisfaction and Optimism About the Future

Beyond financial confidence, the evaluation assesses broader subjective wellbeing using the Cantril Ladder, a widely used measure of life satisfaction and optimism.¹⁶ Respondents rate their current life satisfaction and their expected life satisfaction five years in the future on a scale from 0 (worst possible life) to 10 (best possible life imaginable).

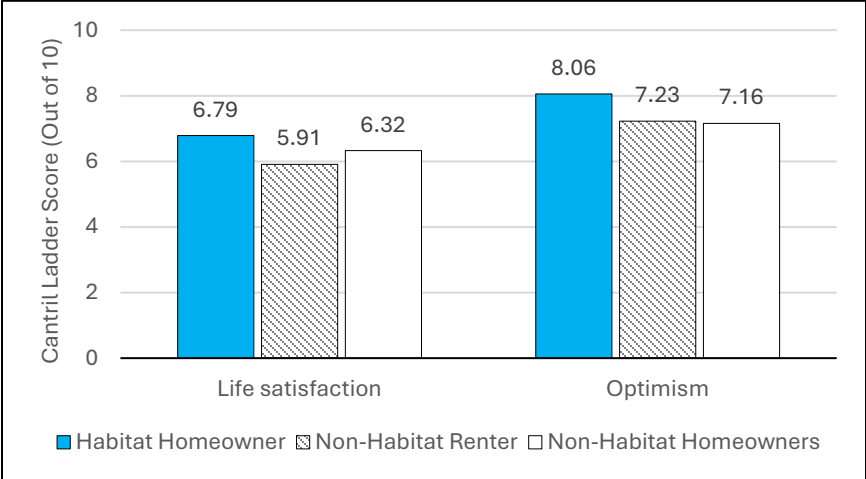
Statistical analysis informs that Habitat homeowners report the highest levels of both current life satisfaction and future optimism among all comparison groups. Predicted current life satisfaction among Habitat homeowners is 6.79, compared with 5.91 for renters and 6.32 for non-Habitat homeowners. Differences are even larger for future outlook: looking ahead five years, Habitat homeowners report an average expected life satisfaction score of 8.06, substantially higher than renters (7.23) and non-Habitat homeowners (7.16).

The gap between current satisfaction and expected future optimism—often described as mobility optimism—is largest among Habitat homeowners. While all groups anticipate improvement over time, Habitat families express a distinctly stronger belief that their lives will improve in the years ahead. This pattern reflects more than momentary satisfaction with housing conditions; it signals a broader sense of upward trajectory and long-term security.

This result is particularly striking given evidence that life satisfaction and optimism tend to be relatively stable and resistant to change, even following major life events such as employment shocks or economic downturns (Graham et al., 2022). In this context, the comparatively large differences observed among Habitat homeowners point to a meaningful shift in perceived opportunity and future orientation. Affordable homeownership through Habitat appears to support not only improved material conditions, but also a stronger sense of direction, possibility, and confidence about long-term—and potentially intergenerational—mobility.

¹⁶ The Cantril Ladder (1965) is a self-anchoring scale where respondents rate their current life and their future expectations on a scale of 0 to 10, with 0 representing the "worst possible life" and 10 representing the "best possible life." It is a globally recognized metric for measuring subjective wellbeing, life satisfaction, and optimism about the future.

Figure 4.13. Life Satisfaction and Future Optimism Among Habitat Homeowners



5. OUTCOME ANALYSIS

While the impact analysis in Chapter 4 established that Habitat homeowners achieve significant gains *on average*, those findings primarily focus on the baseline of the program's potential. This chapter shifts the focus toward the specific programmatic levers that affiliates can adjust to maximize the "Habitat Premium"—the incremental financial and social advantage realized by Habitat homeowners beyond what they would achieve through market homeownership or renting.

The primary objective of this outcome analysis is to identify modifiable affiliate-level program features that can be systematically implemented by affiliates to enhance impact. To achieve this, we examine how specific programs—such as mortgage origination and servicing providers, the internalization of financial coaching/counseling, and post-purchase engagement with homeowners—shape results across four key domains: housing stability, financial capacity, financial health, and residential satisfaction. The findings suggest that these program design choices strongly influence homeowner outcomes.

5.1 Affiliate Program Models and Supports

5.1.1 Pre-Purchase Program Models and Supports

The Habitat intervention operates as a coordinated, phased system that begins well before mortgage origination and for some affiliates, continues throughout the homeownership journey. The pathway to purchase is characterized by an extended selection and preparation period, typically spanning a median of 18 months from initial application to closing. This timeline reflects a deliberate pre-homeownership investment, during which prospective homeowners engage in sweat equity and financial education. These pre-purchase services—including financial education, financial coaching and counseling, and home maintenance guidance—are predominantly delivered internally by affiliate staff (72–84%) to strengthen sustainable homeowner engagement.

Also, affiliate data reveal significant variation in loan origination practices. Approximately 72% of the sample of affiliates (31 of 43 affiliates) directly originate their own low-cost loans, while others facilitate financing through third parties, including community banks, local housing authorities, etc. This affiliate-origination model is most common among urban (79%) and high-revenue affiliates (86%).

5.1.2 Post-Purchase Program Models and Supports

As households transition into homeownership, the organizational capacity of affiliates faces new constraints. While participating affiliates maintain tight staffing ratios during the pre-purchase phase—with an overall median of 5 homebuyers per staff member—post-purchase caseloads expand significantly to an overall median of 21 homeowners per staff member. These human capital constraints directly limit ongoing engagement. Nationally, 53.5% of participating affiliates manage at least monthly proactive check-ins with their existing homeowners after the purchase of their homes.

Despite these capacity constraints, affiliates deploy various support systems when a family faces mortgage delinquency. Overall, 67.4% of affiliates actively work directly with homeowners during a delinquency phase, while 44.2% choose to modify loans for missed payments. Additionally, 34.9% utilize a third-party servicer to manage delinquent accounts, and 32.6% rely on a standard in-house procedure to handle early-stage financial stress. If a homeowner advances to formal foreclosure proceedings, the structural approaches to intervention shift. In the overall sample, 72.1% of affiliates continue to work directly with the homeowner to resolve the crisis, while 46.5% follow a standard in-house foreclosure procedure. To settle late-stage emergencies,

41.9% of affiliates opt to buy back the home, and 32.6% leverage a third-party servicer to navigate the formal foreclosure process.

Table 5.1 Modifiable Habitat Program Features

Program Components	What it does	Why it matters	Examples
Pre-Purchase Preparation & Education	Delivers foundational readiness training, including financial education, one-on-one coaching/counseling, and home maintenance instruction prior to loan closing.	Builds baseline homeownership knowledge and strengthens early household engagement during the critical transition into property ownership.	Shifting program rules from optional attendance to mandating structured financial education modules before closing.
In-House Mortgage Origination	Directly manages loan creation, underwriting, and structural financing terms rather than utilizing external lenders.	Establishes direct operational control over the loan from day one, allowing the affiliate to set flexible, protective servicing and repayment policies.	Transitioning away from third-party financing models (such as local housing authorities or community banks) to an affiliate-origination model.
Post-Purchase Engagement	Conducts proactive, affiliate-initiated wellness checks and communication routines with existing households after they move in.	Serves as an active, ongoing touchpoint to track family wellbeing and identify budget constraints during the financially vulnerable early years of homeownership.	Implementing automated communication schedules or standard digital check-in tools to maintain regular contact with existing homeowners.
Delinquency & Foreclosure Crisis Intervention	Deploys early-stage relief options (like payment restructuring) and late-stage emergency responses (like home buybacks) to address missed payments.	Creates a predictable structural safety net that catches household income shocks early, moving from ad-hoc responses to standardized procedures that prevent home loss.	Shifting from external third-party servicing to formal, standardized in-house foreclosure protocols and structured "Early Warning" notification systems.

5.2 Housing Stability Outcomes

The impact analysis—showing higher rates of delinquency but significantly lower rates of foreclosure among Habitat homeowners—suggests that housing stability under the Habitat program should not be understood as the complete absence of financial stress, but rather as a manageable and secure situation. While many Habitat homeowners begin in financially constrained positions, the support and programs provided by affiliates help prevent temporary setbacks from becoming permanent home loss.

5.2.1 Reducing Foreclosure Risk through Direct Mortgage Origination

Housing stability is a cornerstone of the Habitat model, yet its longevity depends heavily on how an affiliate structures its mortgages. Our research reveals a stark housing stability gap between affiliates that maintain in-house mortgage origination and those that transition to third-party providers. When affiliates manage the origination process directly, families experience a profound increase in security, facing a 66% lower risk of foreclosure compared to similar households in the same regions—an impact that significantly outperforms the 56% average reduction seen in the impact analysis (Figure 5.1). However, this protective advantage disappears when the mortgage is originated by an external company (18% average reduction). This suggests that the direct

involvement of the affiliate in the mortgage relationship is as vital to preventing foreclosure as the financial terms of the loan itself.

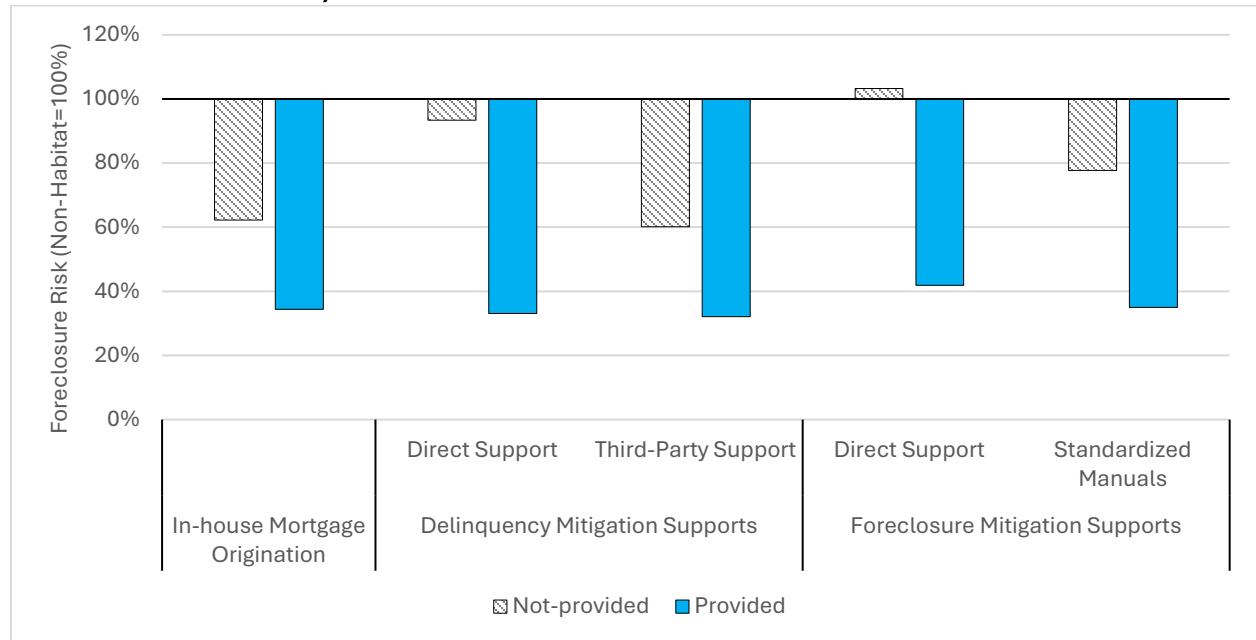
5.2.2 Mitigating Foreclosure Risk Through Active Crisis Intervention

Long-term housing stability depends heavily on the support systems available when a family is facing mortgage delinquency. Our research shows that having a crisis management guideline for early intervention—how and when support (e.g., personalized counseling, loan modification) is delivered—is the most effective way to prevent the permanent loss of a home creating a vital safety net during the early stages of financial stress, and these interventions are. This support is highly effective regardless of whether it is managed by an affiliate or a third-party partner. For instance, affiliates that provide support directly to families reduce the risk of foreclosure by 67%, compared to only a 7% reduction for those without such support. Similarly, delivering this support through third-party partners remains highly effective, resulting in a 68% reduction in foreclosure risk.

The effect of support remains powerful even after a Habitat homeowner faces foreclosure. At this stage, clear crisis management guidelines—particularly who delivers the support—play a critical role in determining whether a family avoids foreclosure. Direct support at this stage is associated with a 58% reduction in the risk of home loss, while those without this support face a 3% increase in risk. Outcomes are strongest when affiliates use formal, in-house foreclosure protocols, that structure and standardize this response (rather than relying on an ad-hoc or flexible approach). These standardized protocols reduce the risk of home loss by 64%, compared to just 23% for affiliates without such protocols in place.

Ultimately, these findings suggest that the presence of a formal intervention strategy is a key factor in maintaining stability, whether it is delivered in-house or through a partner. For Habitat affiliates and housing practitioners, the data points to the significant benefits of establishing clear, standardized protocols for both early-stage struggles and late-stage emergencies. Maintaining these consistent support structures ensures that a temporary financial hurdle does not lead to the permanent loss of a family’s home and the wealth they have built within it.

Figure 5.1 Foreclosure Risks by Habitat Program Features (Non-Habitat Homeowners’ Foreclosure Risk=100%)



5.3 Financial Capacity Outcomes

The impact analysis examines that Habitat's affordable homeownership is associated with substantial gains in both credit and liquid assets—particularly among Black homeowners—though the latter emerge gradually and depend on affiliate program design. By analyzing how specific affiliate program features drive varying outcomes, this section moves beyond a general understanding of impact to identify which support models best strengthen families' financial resilience.

5.3.1 The Role of Financial Coaching and Counseling in Sustaining Credit Growth

Our evaluation finds that Habitat's positive impact on credit building is largely universal. While we observe some positive effects of post-purchase financial coaching and counseling, the additional gain is marginal. This suggests that being a Habitat homeowner itself provides a consistent foundation for credit improvement across the network.

Notably, homeowners at affiliates providing this *in-house* financial coaching/counseling show significantly higher and more consistent credit score gains over time. By the seventh year of homeownership, these families saw their credit scores rise by an average of 50 points—compared to a gain of only 12 points for those without such direct coaching/counseling. This suggests that the direct relationship between the affiliate and the homeowner is a key driver in translating financial coaching/counseling into lasting credit growth.

5.3.2 The Impact of Post-Purchase Financial Education on Liquid Asset Accumulation

The impact analysis shows that, on average, liquid asset savings effects for Habitat homeowners are modest and slow to emerge in the early post-purchase years, and become consistent and significant beginning around year three. The outcome analysis reveals that program design sharply amplifies these gains. Homeowners at Habitat affiliates that provide ongoing post-purchase financial education see a major jump in their liquid asset amount—by their sixth year of homeownership, these families have built an average of \$5,000 more in liquid assets than their neighbors. In contrast, at affiliates where this continued education is not offered, savings growth tends to stay flat or inconsistent. Without these structured support systems, homeowners' financial progress often mirrors the slower accumulation seen among those who do not own a Habitat home. This indicates that homeownership alone may not drive savings but combining it with structured financial education creates a measurable increase in a homeowner's financial reserves.

5.4 Homeowner Satisfaction, Confidence, and Life Outlook

In the previous section, we found that Habitat homeownership has a broad, positive impact on overall financial health, particularly within the borrowing and planning domains. Furthermore, Habitat homeowners report higher levels of subjective wellbeing measures, with 83.4% reporting satisfaction with their home and an average future optimism score of 8.1 out of 10.

The outcome analysis shows no significant variation in FHN scores, or subjective wellbeing measures based on whether an affiliate offers specific post-purchase financial education or coaching/counseling. This suggests that the core Habitat model—coupling affordable homeownership with initial transition support—provides a strong, universal foundation for financial wellbeing and life satisfaction/optimism that remains consistent across the network.

6. QUALITATIVE ANALYSIS

In order to contextualize findings from the quantitative data we conducted a qualitative analysis of affiliate representatives across the country and homeowners from those affiliates. The qualitative findings were intentionally centered around the experiences of homeowners with consideration of the affiliate perspectives. The qualitative analysis explored themes from the quantitative findings around perceptions of provision of services, experiences around delinquency, gaps in services and resources, and the obstacles and barriers facing homeowners.

6.1 Perspectives on Wealth Building

Across interviews, representatives of affiliates and homeowners described predominantly positive experiences with Habitat, even while acknowledging ongoing challenges or gaps. Homeowner accounts provide the primary analytic lens in this section: they describe how wealth and stability are understood in lived terms after purchase, and how post-purchase relationships with local affiliates shape access to information, resources, and support. Affiliate accounts are used to contextualize homeowner experiences while clarifying program intentions, describing resource and capacity constraints, and highlighting where institutional assumptions align with or diverge from homeowner perspectives.

6.1.1 Homeownership as a Turning Point

Homeowners described Habitat homeownership as essential for accessing stable housing that would otherwise have been out of reach. Homeowners consistently contrasted homeownership with prior experiences of difficult or unstable housing, credit barriers, and sudden life changes (e.g., caregiving, change in health status, or employment constraints). In this framing, Habitat's value was not only the house itself, but the possibility of permanence and a sense of control over one's living conditions.

"I needed to find some place to live. Also, when I was going through a divorce, I wasn't working full time... because obviously my kids were younger then, and so I needed to figure out, how am I going to continue to raise my kids, have a job and afford to live here?"- Homeowner from a rural West Coast affiliate

Homeowners repeatedly framed the program as a decisive pathway into homeownership. Even when they noted mixed experiences with specific requirements (e.g., sweat equity, course usefulness, communication quality), the overall experience was described as transformative and, for many, non-substitutable. As one homeowner from an urban West Coast area stated: *"I mean, I couldn't have done it without Habitat. This home wouldn't be here. I wouldn't be sitting here without Habitat."*

However, as the initial phases of the program came to an end, homeowners described substantially more varied experiences with the affiliates they worked with post-purchase. These experiences, did not align with any one affiliate, but instead were unique to homeowners' needs which will be further explored in section 6.3. Homeowners identified post-purchase communication with affiliates, access to resources, personal and interpersonal circumstances, and broader economic pressures as shaping their capacity to sustain stability and pursue longer-term goals.

6.1.2 Psychological and Social Impacts

Homeowners consistently emphasized psychological and social outcomes as among the most significant impacts of Habitat homeownership. Across interviews, stability, pride, dignity, and peace of mind were described as highly consistent benefits, even when financial outcomes varied. Homeownership reduced chronic stress associated with housing insecurity and created a sense of control and permanency that homeowners described as foundational, enabling them to focus attention and resources on other aspects of their lives. This data aligns with the quantitative findings centering high homeowner satisfaction and increased feelings of wellbeing. One homeowner from a small Southern affiliate reported: *“[It] gives me great peace of mind, that we have this home. We’re able to afford it. We’re, you know, in the long run, going to continue to have it.”*

Homeowners endorsed looking at ahead at even further ease of living and security as they continue to pay down their mortgage. As one homeowner from a rural Midwestern affiliate noted: *“Every time I make a mortgage payment, we’re one step closer to having a place nobody can take from us. And that’s, I mean, that’s a form of wealth you can’t count.”* This homeowner specifically indicates the magnitude and meaning behind their homeownership that they stated they would not have otherwise had access to. This also mirrors the quantitative findings around future optimism with homeowners who work with Habitat as opposed to traditional homeownership.

6.1.3 Defining Wealth building and Stability

Variation in “wealth building” emerged as a central theme in homeowners’ interviews, as with affiliate interviews. However, homeowners repeatedly described wealth in terms of stability rather than asset accumulation or financial gain. Wealth was framed as predictability, security, and freedom from constant worry about housing costs, often experienced as a hard-won achievement rather than a baseline condition. At the same time, some homeowners articulated more conventional financial trajectories (e.g., equity through resale), and others emphasized liquid assets (e.g., savings), credit repair, or retirement preparation as their main markers of progress.

Even when traditional equity growth was constrained, predictable and affordable housing costs enabled some homeowners to save, build credit, or contribute to retirement accounts for the first time. For older homeowners, wealth building was often discussed as preparation for future uncertainty, including succession planning and disability-related considerations. As one older homeowner shared:

“I’ll definitely...be able to save money by not having apartment living, or people selling the house if you’re renting one, then always having to look for someplace else, for wealth and stuff. I’m never going to ever pay off the loan. So I don’t know what’s going to happen when I die, because I’m like, [older], with a 30 year loan. So I don’t know what’s going to happen with my son and stuff. I had mentioned it once to [a staff member] if they’d let... [my son], because he has disability...if they let him take over ownership. And he just said, well, that’s a possibility.”

Although some of these activities would be considered wealth building, many homeowners framed them as preparedness rather than upward mobility. Even among homeowners who distinguished between stability and wealth building, stability was often identified as the primary and most attainable goal. This supports the presence of a perceived “stability ceiling” where wealth felt inaccessible given limited resources, gaps in financial knowledge, or barriers to accessing professional financial guidance. These conditions could co-occur and reinforce one

another, shaping how homeowners understood the boundaries of possibility around wealth building.

Affiliate interviews contextualized this definitional variation. Affiliates described divergent interpretations of what “wealth building” looks like in practices, sometimes reading discretionary purchases (e.g., a car or a vacation) as asset-building and quality-of-life gains, and other times viewing similar spending as risky or misaligned with longer-term goals. One rural Midwestern affiliate described a recent example they interpreted as wealth building:

“I noticed that one of our families on [social media] had posted a little video of, like, oh, I just got a new car. And they were very proud of it, and they had just cleaned it all up, and they were adding some bling on the inside... but she was sitting in her Habitat driveway, so I'm like, look, there's the house! There's the house, there's the yard, it looks so good! You know, so, like, for her, having more resources left at the end of the month meant that she could have a little bit nicer car. You know, and I think that is totally wealth building. I remember some of the vehicles that she was driving when we were building her house weren't as nice. I think there's that, you know, hey, I'm actually gonna go on vacation and take my kids somewhere to have an experience. We see some of that happening.”

Affiliates also emphasized uncertainty about how households experience stability other than easily observable behaviors such as on time payments. One Southern affiliate shared:

“When I see a homeowner who pays their mortgage. Who gets notified once a year that it's [the mortgage cost] changing because the insurance went up, and they thank us, and they start writing us a new check. I...from a distance, that looks like stability, but I honestly don't know. Maybe they're struggling, and they're just nice people, and they're sacrificing in a different way. So, I would assume they're stable, but I don't know that.”

These reflections might help interpret why homeowners often describe stability as ongoing work rather than a settled state: the same outward markers that signal “stability” to an institution may coexist with internal sacrifice, constrained budgets, and stress that homeowners emphasize in their own narratives.

This gap in understanding is furthered due to affiliates having had fewer touchpoints with families as they found stability, making it more difficult to actively differentiate stability from wealth building efforts. Several affiliates explicitly stated that over time there might be little to no contact with families, if payments are made on time. Many affiliates expressed uncertainty regarding homeowners' pursuit of wealth building after participating in the required programming even when post-purchase programs were offered. Consequently, affiliates reported limited knowledge of asset-building behaviors, credit-building behaviors, or overall financial stability. One Southern affiliate stated that they were surprised at the lack of growth in homeowners' incomes over large swaths of time:

“But some grant funding came in... but it was only for low-income homeowners. So, we never look at our homeowners' income again, but we had to for this money. And so... probably more than half of them, wanted this grant funding to help repair their

homes. And I was really surprised that their income levels did not grow over 15 years. They were the same, some were even lower.”

However, homeowners and affiliates alike described varied experiences and conditions of financial instability before joining Habitat which helped to inform why some positive change may not appear linear. As one affiliate pointed out, some families were employed in multiple jobs in an attempt to achieve stability, and when they were able to make their move into a Habitat home they could finally “breathe” and work at just one full-time position. This is demonstrative of a step towards stability, dignity, and independence that is not captured by most standard definitions of wealth building.

6.1.4 Intergenerational Wealth

Although stability was a dominant framing, the concept of long-term intergenerational wealth emerged as a consistently articulated form of wealth building across homeowner interviews. Homeowners frequently described homeownership as a means of breaking cycles of instability and providing children with a foundation. *“I mean, to me, it's building equity that hopefully I can leave to my kids someday. It's, you know, building equity in a home that... when, when I'm not here, they can sell the home and split the money, and then they can have something to start off their family with.”*

Homeowners endorsed limited experiences of intergenerational wealth in their own lives, often referencing small inheritances or insurance policies rather than substantial assets. One homeowner on the East Coast made direct comparisons from their situation to what they hope to provide their child: *“I know... I'm not going to inherit anything. That's fine. I'm okay with that, but to be able to build it in my lifetime, to give to my daughter is really important to me.”* This homeowner's description demonstrates, intergenerational wealth descriptions were presented by some homeowners as almost entirely future-oriented and symbolic of a larger shift in wealth for the next generation. Homeowners framed homeownership as a means of breaking cycles of instability or providing a foundation for their children's success, regardless of whether the home itself would generate significant financial returns.

Affiliates also spoke to the homeowner interest in intergenerational wealth. Particularly the concept of the home being the definitive component for many families.

“I used to work directly with buyers... there's...an interest in having an asset of the home ownership, that family home, and being able to pass it down to children. So I think that's a lot of how people see it, is that wealth building, that...intergenerational asset... the stability of home and being able to pass that down, I think, is a big part of how some people see wealth.”

6.2 Relationships with Affiliates After Purchase

A dominant theme across homeowner interviews was that post-purchase experiences depended heavily on the perceived quality and orientation of the relationship with the local affiliate. Notably, these experiences were not affiliate specific as there was little homeowner agreement on affiliate type. Instead, homeowner accounts clustered into three broad characterizations of affiliate engagement that were specific to individual homeowners: homeowner-centering relationships, front-loaded relationships, and compliance-based or low-engagement relationships.

6.2.1 Homeowner-Centering

Homeowners who described sustained, homeowner-centering relationships emphasized proactive outreach (calls, texts, and check-ins), timely responses, referrals to resources, and support that

addressed both emergent needs (e.g., repairs) and longer-term planning (e.g., wills and financial education).

“Actually, just not that long ago, Habitat provided support. There was a tree pretty close behind the house, and after [named storm], they worked with a contract and tree service whatever. And had them come out to the house just to look at the trees around the house and to see if any, could possibly be in danger of dying or falling on the house and causing damage. So they, after they had that done, they actually called me and wanted to get me to approve having a tree cut down at no cost to me. So they have actually cut the tree down, and the tree company damaged my gutter a little bit. They actually come out and [fixed] that as well.”

- Homeowner from the West Coast

Homeowners also highlighted educational and planning supports when they were accessible and clearly communicated. One homeowner described the range of practical courses offered through their affiliate:

“They really do have to teach you about how to accumulate wealth and do things. And they have all kinds. They have a legal thing where they teach you to write a will. That's one of the things they want you to do when you get in the house. So you if something would happen to you, you know where your house is going to go, which kid's going to get it, or your brother or your sister or whatever. So they do that. They give you a free clinic on wills, trusts, mutual funds, and IRA.”

6.2.2 Front-Loaded Experiences

In front-loaded relationships, homeowners often expressed appreciation for intensive support during construction and purchase alongside a sense of disconnection afterward. An East Coast homeowner described this shift:

“They... did help bring me up out of a dark place... and they did give me the hope that I could be more when I was at my lowest. It's just then, when... we were finished with the house, that's when they just kind of disappeared. So I hope that maybe in the future, they do a little bit better with maintaining communications with their... people.”

Some homeowners did not find limited post-purchase contact to be a problem, particularly when they felt financially steady and uninterested in taking on additional debt. One homeowner from the Midwest stated “I'm good where I'm at, and I don't plan on getting in any more debt.” This was not an uncommon sentiment that some homeowners were no longer looking to Habitat for financial resources or support any longer, but instead were trying to move at their own pace.

6.2.3 Compliance-Based

In compliance-based or low-engagement relationships, homeowners described inconsistent or unclear communication, staff turnover, and difficulty identifying who could help with specific issues. These experiences were often characterized as reactive or one-sided, and were particularly consequential when homeowners faced maintenance or structural problems. A homeowner from the West Coast described facing an issue with their mortgage payments and trying to interact with their affiliate about a resolution: *“I just kept getting tossed from my person to [a different] person*

throughout the process, like not really knowing... like, who did what.” Some homeowners felt that there was a lack of affiliate accountability for issues that came up regarding their home post-purchase. Sometimes this was framed as not as much an initial Habitat error, but because of the unique role that the affiliates play in setting up their housing experience the homeowner expected more and better communication about how to address the problem.

“And it wasn't a walk in the park for Habitat to step up and say, ‘You know what, we're responsible, we'll take care of this’. You know? or ‘We'll do this in a timely fashion’. It was a fight where we had to get an independent engineer to come in, because they would just be like, well, we...don't know, like, what's going on.”
 -Homeowner from the East Coast

Table 6.1 Homeowner Perceptions of Relationships with Affiliates

Relationship Type	Description
<i>Homeowner-centering</i>	Perceived sustained, responsive support from pre to post purchase
<i>Front-loaded</i>	Perceived strong engagement during construction and purchase but limited involvement afterward
<i>Compliance-based/Low engagement</i>	Perceived fragmentation, unclear points of contact, or interactions oriented more toward policy enforcement than support

6.2.4 Affiliate Perspectives Post-Purchase

Every affiliate described ways in which they worked to mitigate the challenges facing families post-purchase. For example, adapting their services and resources to meet the curriculum requirements, but also the needs or desires of their communities to better support current and future homeowners.

“Post purchase, we have a full educational program. It's about twice a month, classes on various topics that are more relevant to you after you purchase your home rather than pre purchase, and that can range from anything from like homeowners insurance to filing taxes if you're self employed, to DIY and fun things like container gardening. So it's, it's a full gamut of classes, but we do try to include in that financially relevant or classes that are financial based on-in the curriculum.”

Affiliates described a parallel intention to maintain support without infantilizing homeowners, emphasizing a shift from “client” to community member. One Midwestern affiliate explained:

“[K]ind of really treating them, once they move into their house, we treat them like another community member. So, we might, send them an invitation to our annual dinner... or ask them if they want to come and participate, or help volunteer but... once you get them into their house, to see them as a homeowner in our community and not a Habitat client.”

Affiliate interviews also contextualized why the crises of new homeownership can quickly threaten stability: unresolved maintenance, HOA dues, and escrow/tax issues can escalate into major financial risks. As one Western affiliate summarized:

“The reasons that people[‘s]...wealth building can be at risk, is if either maintenance issues, they like, they’ve delayed something, or let something become a big problem, where it’s going to be really expensive to fix, or they’ve... for some reason, gotten out of the habit, or gotten behind on their HOA dues, or gotten behind on, you know, an issue with escrow around property taxes.”

These different relationships described by homeowners didn’t describe any specific affiliate but instead were spread across Habitat locations indicating possible differences in communication styles or approaches that do not always reach homeowners in the way that affiliates might expect or prepare for. For example, some homeowners described needing more personal outreach because of their busy schedules or communication needs and some affiliates described limited staff or capacity to provide that level of contact consistently. There was endorsement by some affiliates and homeowners of wanting to further communication between each other and learn more about how to reach each other. Homeowners reported wanting to know more about what was going on at their affiliate and affiliate representatives were eager to better understand the experiences and interests of the homeowners with whom they work.

6.3 Barriers to Wealth building: Habitat-Specific Constraints and Systemic Pressures

Despite largely positive experiences, homeowners identified persistent barriers that limited their ability to build wealth beyond stability. These barriers included Habitat-specific constraints (e.g., uncertainty about equity under resale restrictions; uneven access to post-purchase guidance) as well as systemic and environmental pressures (rising taxes and insurance, health crises, vehicle repairs, income ceilings, and caregiving responsibilities). Even with affordable mortgage payments, homeowners frequently described feeling financially exposed and framed stability as something maintained month-to-month rather than achieved once and for all.

6.3.1 Homeowners and Delinquency

From the homeowners’ perspective, late payments were described as an occasional experience typically relegated to moments of physical or financial crisis. Homeowners most often described delinquency as emerging from confusion, income disruption, and unexpected cost increases, rather than an absence of commitment to their homes. One homeowner explained how arrears began unintentionally when a required bill was not clearly integrated into their mortgage: *“I didn’t realize that the sewage was a separate thing... I thought, oh, it’s getting taken care of. So I never... even looked at those bills.”* As the balance grew, the homeowner ultimately relied on Habitat’s flexibility, noting that staff were “amazing” and helped resolve the debt.

Income and health shocks were a common trigger for falling behind. One homeowner connected delinquency directly to job loss, emphasizing the importance of flexibility: *“When I lost my job... they said, you know, we can change your mortgage terms... that was incredibly helpful.”* Others described rising housing costs, medical crises, and caregiving interruptions that made it impossible to stay current, despite prioritizing housing. These increases often forced difficult tradeoffs rather than disengagement from payment obligations. As one Midwestern homeowner shared *“I’ve stopped making credit card payments so I can pay the mortgage, and I’m in a whole disaster right now.”* This homeowner is facing the consequences of choosing between bills to pay due to financial strain and chose to pay their mortgage, while other homeowners chose the opposite based on their situation.

Despite these challenges, homeowners consistently contrasted Habitat-supported homeownership with renting, emphasizing greater tolerance and communication around delinquency. Others described relying on short-term assistance programs that “*pay your mortgage for however many months*,” often cycling in and out of delinquency depending on eligibility and timing. Emotionally, delinquency was closely tied to fear, gratitude, and responsibility. One homeowner, who was behind, reflected starkly: “*Where would you be living right now if it wasn’t for Habitat?... Under a bridge.*” Another described their home as a “safe zone,” adding, “*At least I have my house. At least I’m home. My kids are comfortable.*”

Finally, in shared housing contexts, such as condominiums, delinquency was described as a collective burden. One homeowner noted frustration with neighbors who “*haven’t paid maintenance in two years*,” explaining that unpaid fees led others to “*pick up the slack and pay more.*” In this setting, delinquency was seen as destabilizing not only finances but also trust and community cohesion.

Delinquent payments emerged as a shared issue for the affiliates. Perspectives varied on the severity of delinquent payments as many affiliates reported the majority of the families as being consistent, whereas others found the delinquent payments as prominent and urgent to address. Affiliate perspectives centered around concern for homeowners’ experiences that preempted late payments. Some affiliates, like the one below from the East Coast, expressed an understanding of the importance of flexibility in payments:

“Because... usually there’s two or three things or four that lead to [delinquency], right? We’re not paying this mortgage payment. Is there someone that’s sick? Is there a lost wage? I had a woman to get... a year and a half behind on her mortgage before I got here, and she would catch up and catch up and catch up. And then her husband would lose, his job, and they would go all the way back, 6, 7, 8, months... And I asked her one day...’ how is it that you don’t pay your mortgage? How is it that this becomes the last thing you pay?’ And she said, ‘Okay, you pick, mortgage, heat or food?’ And I said, Okay, I’ll never ask that question again. I mean, imagine having to choose.”

This flexibility appeared to be an essential value in the affiliate and homeowner relationship that coincided with a described safety and security in knowing that there was trust demonstrated in engaging in Habitat home mortgage payments.

6.3.2 Habitat-Specific Barriers

Some homeowners expressed ambivalence regarding Habitat’s role in facilitating traditional wealth building, particularly where they perceived that resale restrictions or shared-appreciation models shaped equity accumulation. One homeowner from a rural East Coast affiliate described their understanding of this constraint as follows:

“You can’t build wealth in your house through Habitat. You have to sell your house back to Habitat for no profit... Yeah, my house has already doubled in value, and I won’t be able to sell it for profit... I’m basically just renting because I have to sell back to Habitat, right?”

Beyond policy constraints, some homeowners described a need for more hands-on guidance, both during the process and after purchase, especially for paperwork or planning tasks. One rural East Coast homeowner explained:

“They didn't walk you through [writing a will], that would be helpful to have more hands on things during the process, when it comes to like, paperwork, type of stuff, or even afterward...I know if I have a question, I can call and talk to them, and they'll be there”.

Homeowners at times found the post-purchase support to be limited in its offerings and shared times where they made a financially costly mistake because of a knowledge gap. In these descriptions they detailed where Habitat could have provided more support. Although some Habitat affiliates described difficulty providing specific resources, they endorsed their provision of a variety of useful and impactful classes and referrals, demonstrating another possible gap between affiliate and homeowner experiences.

6.3.3 Systemic and Environmental Barriers

Across nearly all interviews, homeowners described setbacks that disrupted saving and financial progress, including medical crises, vehicle repairs, rising taxes, insurance increases, and family-related responsibilities. Cost instability, especially related to food, utilities, gas, taxes, and insurance was pervasive. Even with lower mortgage payments, homeowners often described feeling financially exposed. As stated by a homeowner from a midsized affiliate in the Midwest:

“Having a house helps with stability, but it doesn't always guarantee the wealth building. You definitely have to put in your own work beyond getting the house, and it comes with a whole new set of challenges.”

Notably, homeowners emphasized that these challenges did not reflect a lack of budgeting skills. Instead, many described budgets as increasingly insufficient within an unstable economic context. As a result, stability was frequently framed as a month-to-month condition rather than a durable state as one rural Midwest homeowner expressed: *“Some challenges would be like unexpected bills, as in, like, my car breaking down and not having enough money to pay for that.”* Many homeowners were employed yet faced income limitations, underemployment, or limited job flexibility. Family dynamics, such as divorce, single parenting, and shared custody further compounded financial and emotional strain.

In particular, health emerged as one of the most destabilizing and interconnected barriers, influencing employment, income, and expenses simultaneously. As one homeowner from a midsized Midwestern affiliate described: *“I just went off work for a month and a half. My eye just started bleeding, so I couldn't see, yeah, it was in the back my eyes, so it affected my central vision. Of course, I work on a computer, but I've been off for a month and a half.”* These emergent health concerns were described repeatedly by homeowners and proved to be a consistent risk to stability let alone wealth building.

Several older homeowners expressed concern about aging into fixed incomes while continuing to manage housing and maintenance costs. One homeowner from a rural West Coast affiliate referred to receiving more assistance on how to handle changes in income and retirement options:

“When I hear about people retiring, I'm like, oh, that's great. I hope I get to do that someday. And honestly, that's truly how I feel, because who knows what's happening in this country. I do hope I get to retire someday, but I feel like the path that I'm on is good. I, the main challenge would be just my own income. Like it has nothing to do

with home ownership, but it sure, being able to be in this Habitat home sure helps a lot with thinking about those things.”

Affiliate interviews contextualized these challenges by emphasizing that wealth building beyond stability is shaped by structural conditions (income constraints, policy environments) as well as program design (e.g., subsidies, liens, and resale terms). A staff member at a midsized Midwestern affiliate described this tension between homeownership as a pathway to wealth and the limits that can be built into affordability structures:

“And...the idea that wealth building is something that is difficult for people in poverty, low-income families, just in general. They are typically not given the opportunity to build wealth, just because of their income levels. And so... home ownership is one of the best ways in order for people to be able to build wealth, you know? So... it's two birds, one stone, safe, stable housing, plus the ability to build wealth. And then we put a lot of additional liens against these houses in order to stack up a subsidy that is an affordable mortgage, that sometimes can feel like you're taking away from the wealth of that family, because those are things that they have to pay back when they sell the house. And so, you know, you feel like you want to accelerate the ability for them to build wealth, and in other ways, you know, you're not getting that. I think, you know, and especially your Black population, who have been systemically denied access to homeownership through a variety of different, racist awful things.”

Taken together, homeowner accounts endorse that Habitat homeownership meaningfully reduces exposure to housing instability and severe financial instability but cannot eliminate economic precarity. For many homeowners, stability was defined not by upward mobility but by the ability to avoid regression. Affiliate perspectives reinforced this framing by pointing to structural constraints (e.g., policy-driven cost increases, limited post-purchase touchpoints, and capacity differences across regions) that shape what wealth building can realistically look like after purchase.

Table 6.2 Themes Across Homeowner and Affiliate Interviews

Theme	Homeowner perspective (primary)	Affiliate perspective (contextual)
Meaning of wealth	Wealth is most often defined as <i>stability</i> : predictability, peace of mind, and freedom from housing insecurity; “wealth building” is frequently framed as preparedness (savings, retirement planning) rather than upward mobility.	Definitions vary across affiliates; progress may be interpreted through discretionary capacity (e.g., transportation, experiences) or through conventional markers (credit, assets). Affiliates note they may misread stability from outward indicators.
Meaning of stability	Stability is experienced as transformative but fragile often maintained month-to-month amid rising costs and unexpected expenses.	Stability is sometimes inferred from limited contact or on-time payments, though affiliates recognize this can mask hardship.
Psychological and social impacts	Reduced stress, pride, dignity, and a sense of permanence are central outcomes; these benefits are	Affiliates commonly view stability as the base that enables later wealth building but acknowledge constraints on what can follow.

	described as foundational for other goals.	
Intergenerational wealth	Legacy is the most consistently articulated wealth goal: leaving children security, equity, or a stable foundation, often future-oriented and symbolic.	Affiliates recognize these aspirations while noting that resale restrictions and affordability structures can shape equity trajectories.
Post-purchase relationships	Experiences cluster into homeowner-centering, front-loaded, and compliance-based/low engagement; relationship quality shapes confidence, help-seeking, and perceived access to resources.	Affiliates describe balancing support with autonomy (“community member, not a client”), but capacity constraints and declining touchpoints can limit sustained engagement.
Resource access and navigation	Homeowners value clear, proactive guidance and step-by-step support for complex tasks (e.g., wills) and for navigating post-purchase issues.	Affiliates describe providing education and referrals, but the scope and availability of supports vary substantially by region and partner ecosystems.
Barriers to wealth building	Health shocks, vehicle repairs, rising taxes/insurance, income limitations, and caregiving responsibilities frequently disrupt saving and planning; some perceive Habitat-specific constraints on equity.	Affiliates emphasize systemic barriers and program design tensions; they highlight risks from delayed maintenance, HOA/escrow issues, and uneven post-purchase visibility.

7. DISCUSSION

7.1 Lessons from the Three Analyses–Triangulation

This evaluation draws on three different analyses—the impact analysis (Section 4), outcome analysis (Section 5), and qualitative analysis (Section 6)—to assess how Habitat's affordable homeownership model shapes households' financial trajectories. Across four domains of housing stability, financial capacity, housing wealth, and subjective wellbeing, quantitative, programmatic, and qualitative evidence are placed in direct conversation—identifying where they converge, where they diverge, and where narrative insights uncover the underlying reasons for the patterns seen in the data.

A central insight, consistent across all three analyses, is that Habitat's model does not eliminate financial stress but instead manages risk in ways that prevent temporary hardship from becoming permanent housing loss. The risk of a family losing their home is dependent on how local affiliates choose to support their homeowners and how they design their specific programs. Qualitative evidence reveals structural and subjective boundaries—what affiliates and homeowners alike describe as a "stability ceiling" where wealth accumulation felt unattainable due to limited financial resources, gaps in financial knowledge, and lack of access to financial guidance.

7.1.1 Housing Stability: Managed Risk, Not Eliminated Risk

All three analyses converge on a distinction between financial stress and housing instability. The impact analysis shows that Habitat homeowners experience short-term payment disruptions at rates comparable to or exceeding some comparison groups yet face approximately 56% lower foreclosure risk following delinquency. The outcome analysis sharpens this finding: the reduction in foreclosure risk varies depending on who originates mortgages and the responses taken to address homeowners' payment delays. In-house mortgage origination is associated with a 66% lower foreclosure risk—substantially lower risk than the overall affiliate average—while third-party origination shows no statistically significant association with reductions in foreclosure risks. Affiliates with standardized guidelines for addressing delinquent cases are associated with a 64% reduction in foreclosure risk. Meanwhile, affiliates without such guidelines show no statistically meaningful reduction.

Qualitative evidence from affiliate staff explains why: Affiliates that originate and service mortgages can offer direct engagement with homeowners experiencing financial difficulties due to layoffs, health issues, and other shocks, whereas such engagement is typically not available through third-party loan originators or servicers. Homeowner interviews reinforce this perspective, with the quality of affiliate engagement emerging as a decisive factor in whether families navigate financial stress successfully or feel unsupported during periods of crisis.

7.1.2 Financial Capacity: Universal Credit Gains, Conditional Liquid Asset Accumulation

Credit score improvement emerges as an early and largely universal outcome. The impact analysis documents sizable and persistent credit score gains that begin before purchase, increase with tenure, and are especially pronounced among Black homeowners (reaching approximately 37 to 45 points by years five to seven). The outcome analysis suggests that the affordable mortgage structure itself provides a consistent foundation for credit strengthening, as most affiliate post-purchase interventions show little variation in credit trajectories. One notable exception is the provision of financial education programs after home purchase, which substantially amplifies these gains: homeowners from affiliates offering the program show credit improvements of

approximately 50 points by year seven, compared with only 12 points at affiliates without direct coaching/counseling.

Liquid asset accumulation tells a different story. Unlike credit scores, savings gains emerge slowly—typically beginning in the third to fourth year after purchase—and are highly sensitive to whether affiliates structurally deliver post-purchase support. The outcome analysis identifies the provision of post-purchase financial coaching and counseling as a critical institutional mechanism: homeowners at affiliates where this support is actively integrated accumulate \$5,000 more in liquid assets by year six, whereas savings growth remains flat at affiliates lacking these formal tracks. This disparity does not imply that wealth building is a simple individual choice, but rather underscores how vital institutional backing is to help low-income households survive severe external pressures.

Qualitative evidence helps explain the slow growth in liquid asset accumulation. Affiliates describe a "stability ceiling" where families achieve housing security but lack the financial margin to transition into active saving. Homeowners indicated that they face the same systemic pressures as other low-income families, including job loss, medical emergencies, and the "cliff effect"—where modest income gains trigger a disproportionate loss of public assistance. These external shocks, combined with rising property taxes and insurance premiums, often consume any surplus income that housing stability might have provided. Furthermore, diminishing post-purchase engagement from affiliates means that wealth building guidance is often absent when these crises occur. These accounts suggest that while the Habitat's affordable housing and mortgage models provide a stable foundation, translating that stability into liquid savings requires sustained support to navigate the persistent financial volatility of having a low-income.

7.1.3 Housing Wealth: Appreciation as Engine, Program Design as Regulator

The simulation analysis demonstrates that property value appreciation is the dominant driver of long-term housing wealth, with Habitat homes projected to reach 2.7 times their purchase value over 30 years under conservative assumptions. What distinguishes Habitat's model is not the ultimate scale of appreciation but the efficiency with which households convert payments into equity. Zero- and low-interest mortgages ensure that nearly every dollar of each payment reduces principal from day one, producing positive returns on investment (ROI) well before loan maturity—an outcome often unattainable under conventional market-rate financing, where a large share of early payments goes toward interest rather than principal. Forgivable loans complement this by lowering the overall principal balance, strengthening early-year ROI during the period of greatest liquidity constraint. SAM mechanisms determine how home value appreciation is shared between homeowners and lenders (e.g., affiliates) at resale, with the allocation depending on the timing of sale and allowing full appreciation to accrue to homeowners after a specified term (e.g., 20 years). This structure aligns household incentives with affordable financing, sustained tenure, and the preservation of affordability without reducing long-run homeowner equity.

Qualitative evidence highlights a critical misunderstanding. Some homeowners believe that SAMs prevent them from building any equity—with one interview participant describing the arrangement as equivalent to renting. These misperceptions directly contradict the simulation evidence and suggest that clear, ongoing communication by affiliates with homeowners about resale restrictions and their long-term implications is essential. Without it, a program feature designed to support stability may instead function as a perceived barrier to wealth building, potentially undermining the very tenure incentives SAM is intended to create.

7.1.4 Subjective Wellbeing: High Satisfaction, Bounded Aspiration

The impact analysis documents high levels of home satisfaction (83.4%), strong financial health scores (particularly in borrowing and planning), and elevated current and future optimism among Habitat homeowners. The outcome analysis finds that this wellbeing foundation is largely stable across affiliates, though post-purchase supports are associated with meaningfully higher borrowing confidence (+6.5 FHN points).

Qualitative evidence both reinforces and complicates these findings. Homeowners consistently describe psychological transformation—pride, dignity, peace of mind, a shift from survival mode to planning capacity—as among the most significant impacts of Habitat homeownership. Meanwhile, homeowners overwhelmingly equate wealth with stability rather than asset accumulation. Wealth is described in terms of predictability and security, not equity growth or financial returns. Even homeowners who conceptually distinguish stability from wealth building identify stability as the primary and most attainable goal. Where wealth building aspirations are articulated, they are most consistently framed as intergenerational wealth—leaving something for their children and breaking cycles of instability—rather than as near-term financial objectives. This framing represents a productive tension with the evaluation's Theory of Change, which posits wealth accumulation as a natural downstream outcome of sustained stability. That is, while the structural conditions for wealth building are present, the subjective transition from a stability orientation to an accumulation orientation requires support, knowledge, and continued, active engagement from the affiliate that the current model does not uniformly provide.

7.2 Updated Theory of Change: How Affordable Homeownership Builds Wealth Over Time

The evidence supports a refined understanding of Habitat's Theory of Change. The updated Theory of Change (Figure 7.1) clarifies that financial impacts begin earlier in the homeownership pathway than originally anticipated. Program features designed to support sustainable ownership—such as extended pre-purchase preparation, financial education, underwriting support, and sweat equity—generate measurable improvements in credit standing even before mortgage origination. These upstream effects do not replace the central role of post-purchase affordability; rather, they strengthen households' financial footing as they transition into ownership.

Following purchase, low-cost mortgage structures and responsive servicing reduce exposure to mortgage delinquency and foreclosure risk, allowing credit improvements to persist and deepen. Over time, improved credit score and stabilized housing costs enable households to rebuild financial slack, leading to gradual but meaningful accumulation of liquid assets—with gains becoming consistent and economically significant beginning in approximately the third year after purchase and growing steadily thereafter. Housing equity compounds over longer horizons through principal repayment and appreciation, while shared appreciation mechanisms and forgivable assistance shape the timing—rather than the magnitude—of realized gains.

However, the transition from housing stability and early credit gains (Stages 2–3) to active wealth accumulation (Stage 4) is neither automatic nor universal. Both affiliate staff and homeowners describe a "stability ceiling"—a point at which families achieve basic financial security but lack the knowledge, affiliate support, and financial buffer, or cushion, needed to transition into saving and asset-building behaviors. As discussed, affiliates report a decline in engagement with their homeowners as mortgage payments stabilize, reducing support exactly when homeowners are best positioned for wealth building. Homeowners confirm that while mortgage payments are fixed, their ability to save remains limited by systemic shocks—such as health crises, rising property taxes, and sudden losses of public assistance when incomes

increase slightly (“cliff effects”)—that mirror the financial volatility of other low-income households. Notably, the impact analysis shows that liquid asset gains do begin to emerge in the third to fourth year for the average Habitat homeowner, suggesting that the stability ceiling is not absolute; rather, crossing it fully and translating stability into robust saving requires the sustained post-purchase support that affiliates are uniquely positioned to provide. The implication for the theory of change is that stability is a necessary but not sufficient condition for wealth accumulation; crossing the stability ceiling requires sustained post-purchase intervention that bridges the gap between Stages 3 and 4.

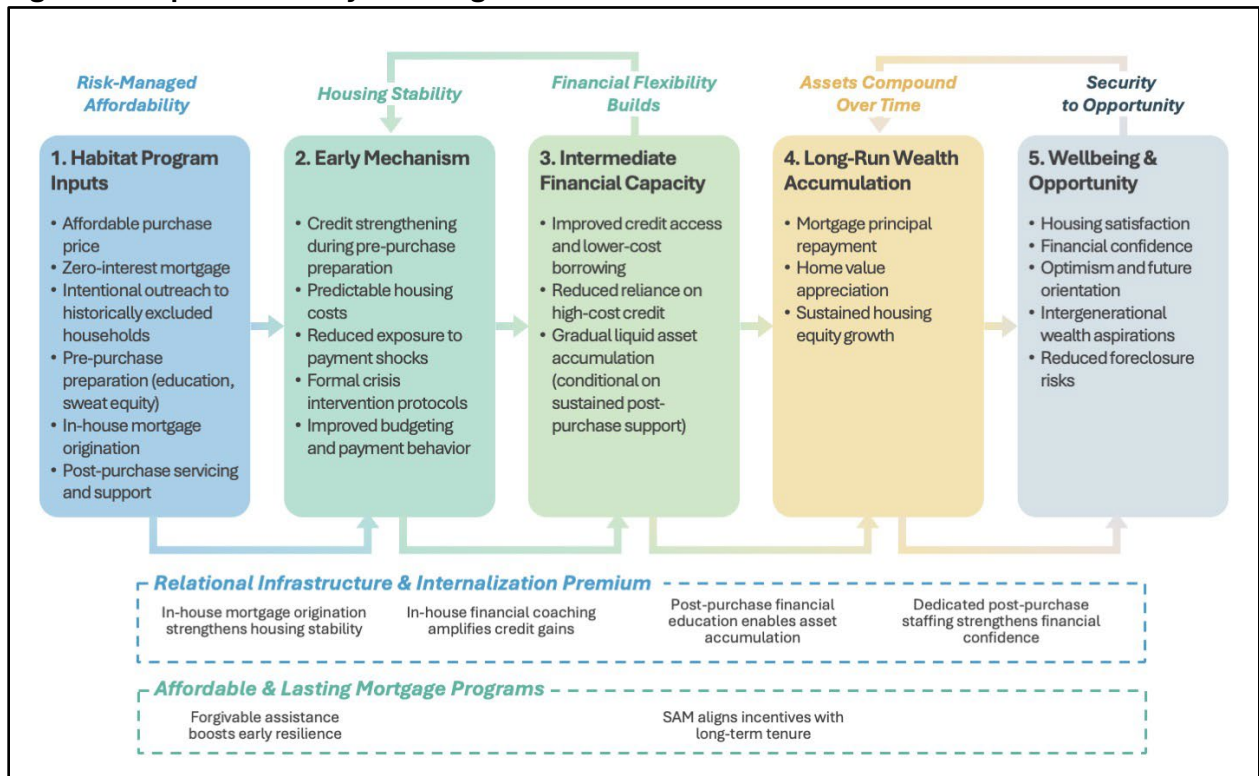
The outcome analysis identifies the specific programmatic levers that enable this transition. Post-purchase financial education emerges as the decisive factor for liquid asset accumulation, with families at affiliates providing ongoing education building substantially more savings than those without such education. In-house financial coaching/counseling amplifies credit gains far beyond what the mortgage structure alone produces. Post-purchase support strengthens financial confidence and borrowing efficacy. Critically, these effects are strongest when delivered directly by affiliate staff rather than through external partners—a pattern we describe as the “internalization premium.” This premium operates across multiple stages of the pathway: in-house mortgage origination strengthens housing stability (Stage 2), in-house financial coaching/counseling accelerates credit gains (Stage 3), and ongoing financial education supports the transition to asset accumulation (Stage 4). Affiliate engagement with homeowners—built through sustained, personalized interaction—thus functions not as a background condition but as a cross-cutting mechanism that governs the strength of transitions between stages.

Qualitative evidence deepens this understanding by revealing that homeowners' own conceptions of wealth shape how far along the pathway they progress. Across interviews, homeowners often equate wealth with stability and predictability rather than asset growth. Where wealth building aspirations are articulated, they are most consistently framed as intergenerational wealth—leaving something for children—rather than as near-term financial objectives. This suggests that the subjective transition from a stability orientation to an accumulation orientation is itself a barrier that the model must actively address through education, communication, and sustained engagement by affiliates. Notably, homeowner misunderstanding of SAMs—with some believing they cannot build any equity at all—illustrates how gaps in communication can transform a program feature designed to support long-term tenure into a perceived barrier to wealth building.

Across this sequence, housing stability, financial capacity, and wellbeing directly reinforce one another. Managed affordability leads to stable tenure, which then gives families the foundation to strengthen their credit. In turn, better credit creates financial flexibility, which ultimately drives personal confidence, optimism, and long-term security.

The updated Theory of Change preserves this reinforcing logic while incorporating two refinements. First, affiliate-level program features moderate this pathway at every stage. Specifically, keeping mortgage origination, financial coaching/counseling and education, and crisis responses in-house directly determines whether a household's financial gains are amplified or weakened. Second, families often face a “stability ceiling” when trying to transition from basic security to active wealth accumulation. Overcoming this barrier requires sustained post-purchase engagement, continuous financial education, and clear communication regarding the long-term wealth building potential of the Habitat model.

Figure 7.1. Updated Theory of Change



8. IMPLICATIONS

This evaluation demonstrates that Habitat's affordable homeownership model supports wealth building not through any single program feature, but through the interaction of affordability, long-term stability, and homeownership tenure. Housing asset accumulation, credit improvement, liquid asset growth, lower foreclosure risks, and improvement in subjective wellbeing reinforce one another along a shared pathway. Crucially, the outcome and qualitative analyses reveal that these gains vary across affiliates based on the availability/design of pre- and post-purchase support programs and engagement with homeowners that help homeowners translate stability into lasting financial progress. This section translates those findings into implications for practice and policy, focusing on how Habitat affiliates, partners, and policymakers can strengthen program effectiveness, align incentives with long-term tenure, and extend the model's equity-enhancing potential—while preserving affordability for future generations.

8.1 Implications for Habitat Program Design and Affiliate Practice

The findings underscore that Habitat's impact arises from a holistic and coordinated system of program components rather than isolated interventions. Affordable mortgage, upfront assistance, resale restrictions, and pre- and post-purchase support work together to shape households' financial trajectories over time. The outcome and qualitative analyses sharpen this insight by identifying the specific affiliate program components that drive success—while also highlighting gaps and shortcomings found in other program components.

First, the findings reaffirm the central importance of zero- and low-interest mortgage structures. Across housing equity simulations, mortgage interest rates emerge as the strongest determinant of early and mid-term housing equity accumulation through their effect on fixed, affordable monthly mortgage payments. By allowing monthly payments to translate efficiently into principal repayment, low-interest financing accelerates equity growth and produces sustained positive return on investment (ROI). Preserving the affordability of monthly payments—rather than substituting higher rates with larger upfront subsidies—appears critical to enabling durable wealth building. These findings suggest that affordable mortgage should remain a central part of program design.

Second, forgivable loans and SAMs should be viewed as tools that secure early-tenure stability and facilitate the wealth building process by providing families with access to long-term affordability. Forgivable loans improve families' financial position by reducing their total debt amount, and SAMs act as the primary subsidy that enables homeowners to access affordable, lower-interest rate loans. Under the SAM structure, the share of appreciated home value that a homeowner receives at resale varies based on program restrictions. In the meantime, these resale restrictions are lifted after the restricted term (typically 20-30 years), allowing homeowners to retain the appreciated value thereafter. This complexity, combined with a significant communication gap between affiliates and homeowners, lead some homeowners to misunderstand that they are not building any equity on their homes. To prevent homeowners from feeling like "renters," affiliates must provide clear, ongoing education about how equity grows over time and how resale policies actually support their long-term security.

Third, the evidence consistently shows how affiliates deliver support matters as much as whether they offer it. Across housing stability, credit score improvement, liquid asset growth, and financial confidence, outcomes are substantially stronger when key program components—mortgage origination, financial coaching/counseling and education, and post-purchase support—are delivered directly by affiliates rather than through external partners. In-house mortgage

origination produces far greater foreclosure protection than external origination. Direct financial education amplifies credit gains while financial coaching and counseling amply steady liquid asset accumulation. Post-purchase supports strengthen borrowing confidence. These findings indicate that outsourcing core functions is not a mere administrative choice—it can substantially reduce the financial advantages that households realize. For affiliates, this suggests that retaining direct control over mortgage origination and servicing, financial education and coaching/counseling, and homeowner’s financial crisis response, should be a strategic priority, even when external partnerships offer operational convenience.

Fourth, standardized guidelines to mitigate homeowner's financial emergencies play an important role in supporting housing stability. Affiliates with structured guidelines are associated with lower delinquency and foreclosure risk than affiliates relying on ad hoc responses, and this pattern holds whether support is delivered directly or through a third-party partner. For affiliates lacking these guidelines, establishing formal crisis management protocols represents a straightforward yet powerful opportunity to strengthen protections for the homeowners they serve.

Fifth, the different growth trajectories of credit scores and liquid assets suggest a need for more targeted, longitudinal support that evolves as a family’s financial position matures. Credit score improvements emerge early and persist largely on their own, driven by the affordable mortgage structure. Liquid asset accumulation, by contrast, emerges gradually and depends on sustained post-purchase financial education. Currently, Habitat affiliates provide substantial support before homeownership, but support often becomes less consistent after families move in. As households settle into making regular payments, engagement between affiliates and homeowners may gradually decline. As a result, more financially stable families—those ready to move beyond maintaining basic financial stability and begin building wealth— may receive less guidance on topics such as saving for repairs, managing risks, or investing, even though they may still face financial challenges, including rising taxes and insurance costs or unexpected medical expenses. Because of this, support should not end even after a family reaches stability; instead, it should shift focus—from preventing crises to helping families plan for the future and build assets over time.

Finally, interviews with homeowners make one thing clear: the ongoing relationship between a homeowner and their local Habitat affiliate is more than just a "nice-to-have"—it is a key factor in a household’s success. Homeowners shared a wide range of experiences, from those who felt they had a true partner in their affiliate to those who felt they only heard from staff when there was a problem. Homeowners with a strong, consistent connection reported feeling more stable and confident in their future. On the other hand, homeowners who lacked that connection often felt they had nowhere to turn when life got difficult or when their financial situation changed. For Habitat affiliates, this means that staying in touch is just as important as the home itself. Building a strong bond through regular check-ins, consistent staffing, and proactive outreach—rather than just calling about late payments—creates a safety net that helps families stay on track and thrive for the long term.

8.2 Implications for Housing, Financial, and Equity Policy

The findings offer broader implications for housing, financial, and equity policy at a time when homeownership affordability is declining and wealth gaps remain persistent. The central message is that how a loan is financed and serviced, as well as how homeowners are supported, matters as much as access to ownership itself. In particular, mortgage structure emerges as a central policy lever for wealth building. Conventional market-rate mortgages significantly dampen wealth accumulation for lower-income households, even over long horizons (Grinstein-Weiss et al., 2013;

Keys et al., 2014). Zero- and low-interest rate financing, by contrast, enables equity growth and sustained positive returns without requiring speculative appreciation. Programs that subsidize interest rates or decouple affordability from market pricing can be more effective wealth building tools than those relying solely on down payment assistance or tax incentives (Buckley et al., 2016; Hendershott & White, 2000; Lang & Hurst, 2014; Martins & Villanueva, 2006; Wang et al., 2022). Upfront subsidies, meanwhile, are best understood as risk-management tools that help households weather the vulnerable early years of ownership, rather than as wealth multipliers (Bhutta & Ringo, 2017; Hembre et al., 2021; Perkins et al., 2020). Structuring subsidies to support early tenure may better align with goals of stability and foreclosure prevention. Similarly, shared appreciation mortgages (SAMs) and resale restrictions can preserve affordability without undermining long-term wealth building—regulating the timing of asset gains rather than eliminating them (Perkins et al., 2020).

Beyond financing, the evidence highlights the importance of in-house mortgage origination and servicing by affiliates. The direct and flexible relationship between mortgage loan provider and homeowner is a critical mechanism for preventing foreclosure (Collins & Schmeiser, 2013; Quercia & Cowan, 2008; Thompson, 2011). Foreclosure risks are substantially lower when affiliates directly originate and service loans while providing support to homeowners experiencing financial crises, rather than outsourcing these functions. Affiliate staff exercise the kind of discretionary flexibility—working with families through job loss, health crises, and competing demands—that conventional lenders typically cannot offer. This suggests that how mortgages are serviced and originated may be as important as lowering interest rates, particularly for households facing structural financial constraints.

Post-purchase support should be treated as a policy investment rather than an optional add-on. Sustained financial education after purchase produces measurable returns in both credit strengthening and liquid asset accumulation—gains that do not emerge when support is absent. Yet current cost-benefit frameworks typically evaluate affordable homeownership programs by housing units produced, overlooking the downstream financial capacity gains that depend on sustained engagement with homeowners. Federal and state programs would benefit from funding post-purchase support as a standard component and evaluating effectiveness over longer time horizons.

At the same time, housing policy alone cannot fully address the barriers that constrain wealth building even when the housing platform is functioning as designed (Sherraden, 2001; Yap, 2016; Yates, 2012). Homeowners describe health crises, rising taxes and insurance, income ceilings, and loss of public assistance eligibility as cumulative pressures that limit savings regardless of housing affordability. Affordable homeownership should therefore be embedded within broader policy frameworks that coordinate housing support with healthcare access, progressive benefit structures that avoid cliff effects, and financial inclusion strategies that help households translate credit gains into safe, affordable financial products.

Finally, the distributional findings sharpen the equity case. Black homeowners experience equal or larger gains in credit and liquid assets over time, and the outcome analysis shows that the wealth building channel most sensitive to program design—liquid asset accumulation—is also the channel where racial disparities are largest. This convergence suggests that equity-focused housing policy should pair affordable financing with sustained post-purchase financial education, targeting the specific mechanisms through which racial wealth gaps can narrow.

8.3 Implications for Philanthropy and Mission-Driven Capital

The evidence suggests that affordable homeownership programs generate returns that unfold over years, across multiple domains, and through interactions among housing, financial systems, and household behavior. Capturing these returns requires funding strategies that value long-term stability over short-term outputs.

Key outcomes in this study—including secured housing, enhanced financial capacity, accumulated equity, and improved wellbeing—emerge gradually and compound over time. Philanthropic strategies that prioritize short grant cycles or immediate outcome thresholds risk undervaluing programs whose impact is cumulative by design. Flexible, multi-year funding that supports program continuity and post-purchase services is well aligned with these wealth building pathways. In addition, philanthropic success metrics should place greater emphasis on early financial resilience and housing stability. Funding forgivable assistance, long-term homeowner support, and homeowner education may not yield dramatic short-term returns, but these investments significantly reduce downstream risks including delinquency, foreclosure, and program attrition.

The outcome analysis identifies a specific funding gap that philanthropy is well positioned to address: the operational capacity required to deliver core functions in-house. Direct delivery of mortgage origination, pre- and post-purchase financial coaching/counseling and education, and crisis response consistently produce stronger outcomes than outsourced alternatives—but maintaining this capacity requires sustained investment in staff, training, and organizational infrastructure that short-cycle project grants do not support. Funders seeking maximum impact on homeownership and wealth accumulation should also consider investing in affiliate operational capacity rather than solely in housing units. The post-purchase staffing gap is a concrete target: post-purchase caseloads expand to levels that make meaningful ongoing contact impractical at many affiliates, and a relatively modest investment in dedicated post-purchase positions would address the period when wealth building support matters most.

The qualitative evidence points to another fundable gap related to communication and education infrastructure. Homeowner misunderstanding of resale restrictions and the broader difficulty of transitioning from stability to active wealth building highlight the need for ongoing, accessible financial education that extends throughout tenure. Funding for periodic financial planning sessions, homeowner communication tools, and information materials that clarify equity trajectories would address barriers that homeowners and affiliate staff have identified.

Finally, the distributional findings—particularly the strong gains among Black homeowners—highlight philanthropy's potential to address structural inequities through trajectory change rather than one-time intervention. The wealth building pathway most sensitive to program design is also where racial disparities are largest. Philanthropic strategies that support sustained tenure, fund post-purchase education, and invest in learning infrastructure—including mixed-methods evaluation designs that incorporate homeowner voice—can help ensure that effective models are refined and replicated rather than diluted as they scale.

9. CONCLUSION

This evaluation project aimed to answer whether affordable homeownership through Habitat builds wealth—and if so, how, for whom, and under what conditions. The evidence is clear: Habitat homeowners build wealth. But the nature of that wealth building is more layered, more tied to affiliate support, and more consequential than a simple accounting of equity gains would suggest.

Habitat's model does not produce wealth through a single mechanism or at a single point in time. It works because affordability, preparation, servicing, and sustained engagement operate together over time—managing risk, stabilizing costs, strengthening credit, and gradually enabling families to accumulate assets they would not otherwise hold. The gains are real, measurable, and durable, and are more pronounced for historically excluded groups. Black homeowners, who face the steepest structural barriers to wealth accumulation, experience the largest and most sustained improvements in credit and liquid assets. Affordable homeownership, when designed with intention, does not merely extend access to an existing system. It reshapes the financial trajectories of households that the system was never built to serve.

One of the most important findings of this evaluation may be what happens at the boundary between stability and wealth. Both affiliates and homeowners describe a point at which families achieve basic financial security but feel uncertain about how to go further—a perceived ceiling beyond which active saving, investing, and asset protection feel out of reach. The quantitative evidence demonstrates that this ceiling is not a fixed limit of the model. It is a condition the model can overcome. Where affiliates maintain sustained post-purchase engagement—through direct financial coaching/counseling, ongoing education, and dedicated staffing—families do move beyond stability. They build savings, strengthen credit well beyond what the mortgage structure alone provides, and develop the financial confidence to plan rather than simply cope. The perceived ceiling is real in the lives of families who experience it. But it is permeable—and the evaluation identifies the specific investments that make it so.

What lies beyond that ceiling matters as much as crossing the ceiling. Across interviews, homeowners consistently describe wealth, not as a number on a balance sheet, but as something they want to leave behind. The most deeply felt aspiration is intergenerational: providing children with a foundation the homeowner never had, breaking cycles of instability, ensuring that the next generation starts from a position of security rather than scarcity. These aspirations are not hypothetical. They are grounded in the lived experience of owning a stable, affordable home and the growing belief that this stability can be passed on. For many Habitat families, the home represents the first asset they have ever held with the potential to outlast a single generation. That shift—from surviving to building, from the present to the future, from one generation to the next—is the deepest form of wealth this model produces.

Realizing this potential across the full Habitat network is not automatic. It depends on whether affiliates, funders, and policymakers invest in the sustained affiliate engagement that determines how far along the pathway families travel. The affordable mortgage opens the door. Pre-purchase preparation strengthens the foundation. But it is the ongoing human connection between affiliate and homeowner—maintained through years of steady, personalized engagement—that carries families from stability to wealth building and toward the intergenerational aspirations they express. As housing affordability challenges intensify and wealth gaps persist, Habitat's model offers compelling evidence that homeownership can serve as more than shelter. When affordability, preparation, and long-term support are combined, homeownership becomes a platform for stability, resilience, and opportunity—for families and communities alike, and across generations.

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