



Building Equity through Homeownership (vs. Creating Market Affordability)

Affordable housing options should not merely provide shelter for those who need it, but should strive to create better communities and equity-building options for residents. Building equity through homeownership is the leading means for individuals and families to achieve financial stability and long-term wealth. While affordable housing markets can provide a short-term solution for those unable to afford the high costs of homeownership, there are several reasons why building equity through homeownership is ultimately a better option for communities.

Homeownership allows individuals and families to build equity over time as the value of their home increases and they make mortgage payments. However, equity-building must also consider who owns the property. Truly equitable opportunities for homeownership exist where both the home and the property are packaged together in the sale to the homeowner. With real estate values based on location, property transfer is a critical component to building equity for residents. This equity can be used as a financial asset, allowing homeowners to borrow against it or use it as collateral for loans. In contrast, renters do not have the opportunity to build equity, as they simply pay for the right to live in/on someone else's property. Similarly, land trusts work to maintain affordable options; however, since property remains owned by the trust, homeowners cannot leverage the actual value of their property, continuing to disenfranchise most residents.

Homeownership provides stability and security for individuals and families, allowing them to put down roots in their communities. Owning a home can provide a sense of belonging and fosters a stronger connection to the people and infrastructure of the community. In contrast, affordable housing markets can often be unstable, with low vacancy rates and high demand leading to frequent turnover and a lack of continuity in the community. Owning a home is a source of personal pride and can provide a sense of accomplishment and stability.

Homeownership improves the overall economic health of a community. When individuals and families own their homes, they are more likely to invest in the community through home improvements, neighborhood involvement, and other activities. This helps to increase property values and to create more vibrant and desirable communities. Homeownership contributes to a more diverse and inclusive community, but also establishes a more stable population. Affordable housing markets often need help attracting appropriate investment and may see different economic benefits due to a more transient population.

Building intergenerational wealth and stability is critical to improving the quality of life of residents and sustainability within communities. By building equity through homeownership, individuals and families can pass their wealth down to future generations, providing a solid foundation for the next generation to build upon.

Overall, while affordable housing markets can provide a short-term solution for those unable to afford the high costs of homeownership, building equity through homeownership is ultimately a better option for communities. It allows individuals and families to build equity, provides a sense of stability and security, fosters a stronger connection to the community, improves the overall economic health of the community, provides intergenerational wealth and stability, and helps to create a more diverse and inclusive community.