Homeownership as Public Policy: Trends in North Carolina and Beyond

Victoria Basolo and William M. Rohe

The importance of homeownership is deeply embedded in our society. Historians, writers, and the average person attribute intrinsic value to owning one's home. Walt Whitman, for example, wrote "A man is not whole and complete...unless he owns a house."[1] Society also associates more tangible social and economic benefits with ownership such as enhanced pride in the community and tax advantages. These benefits, however, elude many low- and moderate-income households because they lack the financial resources to purchase a home.

Public officials also herald the virtues of homeownership and have developed policies to increase homeownership for low- and moderate-income households. Government assistance for homeownership at the federal level appeared decades ago with the creation of the Federal Housing Administration, and more recently, state and local governments have taken an active role in the promotion of homeownership.[2] Although homeownership policies and programs involve investment of public dollars, strong political support for these policies exists across communities and among levels of government. As a result, there are many publicly-sponsored homeownership programs operating in communities throughout the country. In the rush to jump on the homeownership bandwagon, however, the potential pitfalls of homeownership programs are often overlooked by their sponsors. In addition, program planning may be minimal and evaluation of programs may be completely absent from the process.

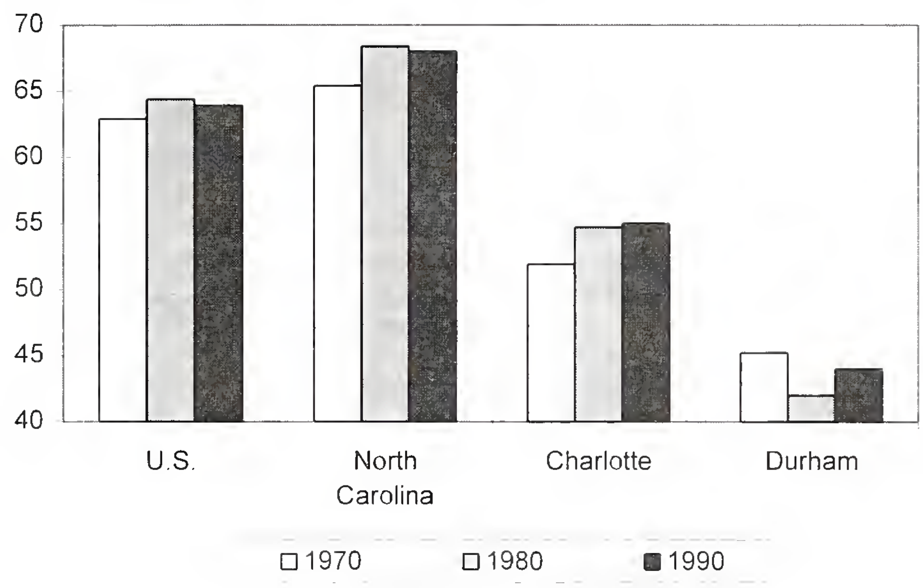
This article examines the popularity of homeownership and its desirability as a policy outcome in our society. We begin by discussing the homeownership ideology and ownership trends in the United States. Within this discussion, we present the advantages and disadvantages of homeownership for both the individual and society. We then narrow our discussion to homeownership and related policies and programs in North Carolina. We consider the patterns and trends of homeownership, analyze the affordability of ownership for lower-income households, discuss the intergovernmental aspect of homeownership efforts, and consider some of the public and private strategies used to increase homeownership in the State. Next, we highlight homeownership efforts in two North Carolina cities: Charlotte and Durham. Finally, we offer some concluding remarks and recommendations on the development of homeownership policies and programs in local communities.

Victoria Basolo is a doctoral student in the Department of City and Regional Planning at the University of North Carolina at Chapel Hill and a Research Assistant at the Center for Urban and Regional Studies at UNC-Chapel Hill. William M. Rohe is Dean E. Smith Professor at the Department of City and Regional Planning at UNC-Chapel Hill and Director of the Center for Urban and Regional Studies. Dr. Rohe and Ms. Basolo are currently working on a book about homeownership and homeownership programs in the United States.

The Homeownership Ideology

Homeownership has been called the "American Dream" by many, but others have declared it a form of discrimination.[3] Critics argue that the idyllic image of homeownership masks the commodification of housing and its role as a symbol of social class. From this perspective, homeownership is nothing but a form of systematic tenure discrimination with renters being the disadvantaged group. These two views of homeownership represent two distinct ideological camps. On the whole, however, it is clear from ownership data that Americans are convinced of the advantages of homeownership. For example, during most of this century, the rate of homeownership rose steadily in the United States and greatly exceeded the rates in many European countries.[4] In 1990, almost 64 percent of Americans owned their homes and a recent survey reported 68 percent of renters want to own a home someday.[5] Clearly, the majority of Americans prefer ownership to other forms of tenure.

Figure 1: Homeownership Rates, 1970-1990



Homeownership data say nothing about the reasons for the homeownership preference or the seemingly universal popularity of homeownership public policies. Part of the favorable status given homeownership is due to a cultural norm that sanctifies owning a home. Our society views homeownership as an important life goal and associates social status with owning a house.[6] Other claims about the social and economic benefits of homeownership also contribute to its popularity.

The economic benefits of owning one's home include potential wealth accrual and certain tax benefits.[7] The Survey of Income and Program Participation showed "home equity accounts for the majority of the net wealth of owners" and that "the net wealth of young homeowners is over 14 times that of renters."[8] Tax benefits, specifically the mortgage interest deduction allowed for federal taxes, represent a substantial benefit to homeowners. Economists also note the tax savings associated with imputed rent. They argue that owners essentially pay rent to themselves without paying taxes on this income.

Homeowners are said to experience a host of social psychological benefits which include increased self-esteem,[9] increased sense of control over life events,[10] and greater overall life satisfaction.[11] These benefits reflect the attainment of a culturally valued goal, command over one's living space, and the high status given ownership by our society.

High home-ownership rates purportedly serve broad societal goals. Home owners are thought to maintain and invest in their property at a higher level than do renters. Research also indicates that homeowners may be more likely to participate in civic activities such as voting and joining neighborhood associations.[12]

The perceived benefits of homeownership encourage policymakers to provide ownership opportunities to low- and moderate-income households as they are less likely than middle- or upper-income households to achieve ownership without some assistance. The effort to assist these households to buy homes appears, on the face of it, to be sound public policy. The potential gains of this policy, however, need to be weighed against the potential pitfalls.

The financial position of the target population may present difficulties for a low- and moderate-income homeownership program. Typically, lower-income households lack savings for a down payment and their incomes fall short of the minimum to meet conventional underwriting standards. Although a homeownership program may provide the down payment and underwriting criteria may be relaxed, lower-income households may experience difficulty in meeting the long-term financial obligation of a home for several reasons. First, income stability might be an issue for some lower-income households. Many of the employment opportunities for these households are hourly wage positions or seasonal jobs which lack advancement opportunities and stability over time. As a result, household income may not keep up with inflation or even worse, be cut off during times of unemployment. Second, home repair and maintenance can be costly and lower-income households tend to have little or no savings. Without savings to draw upon, a home-owner has two choices: ignore the physical condition of the house or redirect available income from another need or obligation to make the repairs. Deterioration of the structure results in loss in value or net wealth, so the household loses the benefit of the house as a savings vehicle. And, redirection of income from another need or obligation such as food, clothing, or utilities results in a lower overall quality of life.

Another potential disadvantage for lower-income home buyers is the location of their housing choices. Affordable homeownership opportunities are likely to be in less desirable neighborhoods with limited potential for appreciation. Among other things, price reflects the location of housing in relation to services and employment opportunities and the overall quality of the neighborhood. Distance from services and employment might make daily life difficult and present burdensome travel costs for the lower-income household. The quality of the neighborhood also could influence housing appreciation. Even if the house itself is in good condition, location in a marginal or declining neighborhood might result in stagnated appreciation of the home.

The financial issues associated with lower-income homeownership programs may affect any social psychological benefits received by the individual. If the home-owner fails to maintain the home or loses the home through bankruptcy or foreclosure, increases in self-esteem, sense of control, and life satisfaction may be lost and the individual may feel worse off than before the home purchase. In addition, if the home fails to appreciate or maintain its value, the owner may feel deprived of the benefits enjoyed by others in the community.

Policymakers need to assess the potential costs and benefits of low- and moderate-income homeownership policies and programs. However, the impacts of such policies and programs depend on many variables including the demand for these types of programs, the available resources, the planning of programs, and the administrative structure of the programs including intergovernmental coordination. In the next section, we discuss homeownership in North Carolina and identify some of the programs designed to assist lower-income households to achieve ownership in the State.

North Carolina: Homeownership Patterns and Trends

The homeownership rate in North Carolina of nearly 68 percent exceeds the United States rate by approximately four percent. However, the rate of homeownership varies among regions within North Carolina. At 75.4 percent, the Mountain region in the western part of the State has a substantially higher homeownership rate than either the central Piedmont region (66.5 percent) or the eastern Coastal region (67 percent). Over the last decade, the rate of homeownership dropped by 1 percent in the Piedmont region, by 0.4 percent in the Mountain region, and rose by 0.6 percent in the Coastal region.[13]

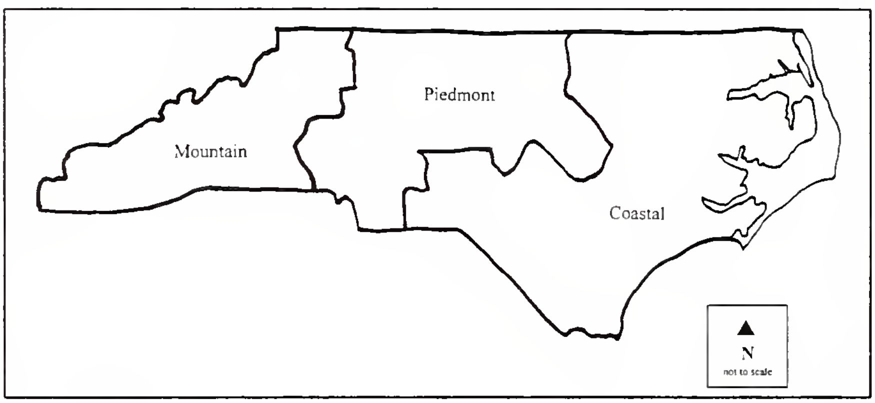


Figure 2: Regions of North Carolina.

The differences in homeownership rates among regions are due in part to the urban/rural cleavage within the State. As reflected by county population densities, the Piedmont area is by far the most urban region in the State, while the Coastal and Mountain regions are predominantly rural.[14] At least two factors account for the difference in homeownership rates between urban and rural communities. First, housing prices in urban areas tend to be higher than in rural areas. For example, rural dwellers own more mobile homes, a lower cost alternative to stick-built housing, than do urban residents.[15] Second, urbanized areas often act as magnets for job seekers of varying socioeconomic levels. The competition for housing between lower- income households and more affluent households often leaves the less well-off with fewer ownership opportunities.

Variation in homeownership rates also exist among racial and ethnic groups in the State. As shown in Table 1, white households have the highest homeownership rate in North Carolina followed by Native American, black, Asian, and Hispanic households. Homeownership rates increased for both white and Native American households from 1980 to 1990, but other groups show a decline in ownership over the same period.

Table 1. North Carolina Homeownership Rates by Race and Ethnicity, 1980 and 1990

	1980	1990
White	72.8%	72.9%
Native American	64.0%	66.3%
Black	51.0%	49.6%
Asian	49.9%	48.1%
Hispanic	48.7%	41.7%

Source: U.S. Department of Commerce, Bureaus of the Census

The rate of homeownership varies across income levels in the State. As might be expected, households making less than $20,000 annually have a much lower ownership rate compared to households with incomes at or above $20,000. In 1989, lower-income households (less than $20,000/yr.) comprised roughly 37 percent of the households in North Carolina;[16] however, these households represent only about 26.5 percent of the owner occupants in the State.[17] The median income of owners versus renters is another indicator of the relationship between income and homeownership. The median household income for owner occupants in 1989 was $31,369, while the median for renters was $18,115.[18]

Other factors such as the age of the population and familial status may affect homeownership rates in North Carolina. In the nation as a whole, for example, single person and younger- headed households tend to have lower ownership rates than married and older-headed households.[19] The 1990 Census data for the State suggest that a similar pattern of ownership by age and familial status holds within North Carolina.[20]

The patterns and trends of homeownership within the State are also a result of an interaction among factors already mentioned. For example, a lower rate of homeownership among minorities may be due to discrimination in the housing market and the tendency for minority households to have lower incomes, on average, than whites. Likewise, urban demographics including age, race and ethnicity, and lifestyle may interact with income to contribute to lower home-ownership rates in cities.

Government efforts to increase home-ownership rates focus primarily on two of the factors associated with lower rates of ownership: unfair housing practices and affordability issues. In North Carolina as in other states, these efforts typically involve several levels of government. The U.S. Department of Housing and Urban Development (HUD) has stepped up enforcement of lending requirements and fair housing laws to address discrimination in the housing market.[21] In addition, HUD develops programs and provides funding for homeownership programs administered at the federal, state, and local levels. These programs include the Veterans Administration Home Loan Program which provides lower interest loans to veterans of U.S. military service and the Homeownership for People Everywhere 3 (HOPE 3) program which provides opportunities to low-income households to purchase single-family housing.[22]

The State of North Carolina prepares a Comprehensive Housing Affordability Strategy (CHAS) as required by HUD to receive Community Development Block Grants (CDBG) and HOME funds. The CHAS offers an analysis of housing needs within the State and presents policies to address these needs. The current CHAS, covering the years 1994 to 1998, outlines the State's housing priorities; several of which are aimed at facilitating homeownership within the State. Among others, the CHAS lists the following priorities:

· Assist Very Low-Income Existing Home Owners[23]

· Assist Low-Income Existing Home Owners

· Assist Low-Income First-Time Home Buyers[24]

· Assist Very Low-Income First-Time Home Buyers[25]

These priorities acknowledge the need to address the gap between the cost of purchasing and owning a home and the resources of lower- income households. This gap is the most frequently identified barrier to ownership by housing professionals and potential home buyers. A national survey, for example, reported that 51 percent of renters identify a lack of financial resources as a major obstacle to homeownership.[26]

Table 2 outlines many of the homeownership programs listed in the CHAS with programmatic responsibilities by level of government. Some programs may be entirely funded and operated at one level of government, while other programs may require local matching funds or in-kind contributions. Several of these programs also involve the participation of nongovernmental organizations such as lending institutions and nonprofit development corporations.

Support of homeownership programs is clearly evident at all three levels of government. The federal government continues to actively support homeownership policy despite an overall trend to downsize operations. HUD Secretary Henry Cisneros recently stated his desire for "the creation of 7 million new homeowners from 1995 through 2000."[27] In North Carolina, the State Housing Finance Agency (NCHFA) administers several homeownership programs including experimental projects. The NCHFA, for example, developed a pilot homeownership program to encourage employer-assisted housing in the State. In one joint venture with the City of Greensboro, city employees meeting program qualifications received partial down payment assistance from both the City and the NCHFA. The NCHFA assistance was in the form of a deferred second mortgage equal to 25 percent of the down payment and 25 percent of the prepaid expenses and closing costs.[28]

Greensboro is just one of many local governments in North Carolina to provide some type of homeownership

Table 2. Selected Homeownership Programs in North Carolina

	Federal			State			Local		
Program	Funds	Administers	Implements	Funds	Administers	Implements	Funds	Administers	Implements
HOME Investment Partnerships	X				X		X	X	X
Home Ownership for People Everywhere I, 2, & 3	X	X							X
Veterans Administration Home Loan Program	X	X	X						
Employer Assisted Housing Pilot				X	X	X			
Home Ownership Challenge Fund				X	X		X		X
Maxwell/Fuller Self Help Housing Program				X	X				X
Mortgage Credit Certificate				X	X	X			
Single Family Mortgage Loan Program				X	X	X			
Community Development Block Grant	X				X			X	X
Downpayment Assistance							X	X	X
Second Mortgages							X	X	X

Source: Adapted from North Carolina CHAS 1994-1998 assistance.[29] In a survey of cities in the State, over 96 percent of the 26 responding cities reported operating at least one homeownership assistance program in fiscal year 1992-93 and over 60 percent operated two or more homeownership programs.[30]

The effort to bring affordable homeownership to citizens of North Carolina involves a broad, innovative, and often complex mix of actors, funds, and program designs. Often, the responsibility for coordinating homeownership programs falls to housing professionals at the local level. In the next section, we take a look at the homeownership goals and programs in two cities in North Carolina.

Homeownership in Two Cities: Charlotte and Durham

Many cities in North Carolina offer some form of homeownership assistance. In order to better understand the approaches used by local governments to increase homeownership, we focus on two cities within the State, Charlotte and Durham. Although we observed very different homeownership approaches in the two cities, we note some similarities between Charlotte and Durham. Both cities are located in the most urbanized region in the State, the Piedmont, and they receive funds for housing through federal entitlement programs such as CDBG and HOME. Also, although it increased from 1980 to 1990, the homeownership rate in Charlotte and Durham is well below the national and Statewide figures (see Figure 1). Finally, professional staff in both cities identified increasing homeownership as a major housing goal.

Charlotte

Charlotte is the largest city in North Carolina with a 1992 population of 416,294.[31] The 1989 median household income in the City was $31,873 with 10.8 percent of persons having incomes below the poverty level.[32] Physical housing conditions were relatively good in 1990 with less than 0.5 percent of the total housing units lacking complete plumbing and less than 1 percent lacking complete kitchen facilities; approximately 3.3 percent of the City's housing units were overcrowded. In 1990, the homeownership rate was 55 percent in Charlotte.[33]

The City has established the following housing goals: "to reduce the number of households living in substandard, overcrowded or unaffordable housing conditions, targeting families earning 80 percent or less of the area median income" and "to expand the public role in addressing housing issues in partnership with private and nonprofit organizations."[34] City staff identified financial obstacles such as lack of savings for a down payment and credit problems as the major barriers to affordable homeownership. Strategies supporting the City's goals include various methods of homeownership assistance. City programs include down payment assistance, mortgage assistance, and homeownership counseling.

However, these City-run homeownership programs tend to be focused on residents displaced as the result of a City property acquisition. The City has an active program to eliminate substandard housing. The City identifies units, purchases them at a market rate price, and then rehabilitates them. In order to undertake the rehabilitation, the residents need to be relocated. For example, after the City acquires a substandard rental property for rehabilitation and disposition, the occupants of the rental units are placed on the City's active relocation list. Some individuals on this list will choose to purchase a house and qualify for financial assistance from the City to buy a rehabilitated, City-owned home.

Charlotte's homeownership policy reflects available funds, the perspectives of the Council members, and the role of the housing staff. Limited local funds and a change in the role of city housing staff from program initiators to technical advisors and coordinators complements the current city housing policy. Instead of city-issued requests for proposals to develop affordable housing for ownership, the city staff works with local nonprofit housing organizations to create homeownership opportunities. In addition to the emphasis on nonprofits, the staff commented that city policy favors the provision of loans over grants to local affordable housing developers, which are primarily non-profit organizations. The specific type of loan and its terms are decided on a case-by-case basis. Lastly, staff stressed the importance of the involvement of private sector financial institutions in producing homeownership opportunities by offering loan products to serve lower-income home buyers.

Charlotte supports homeownership programs with local and federal funds. One city document reports "The housing and related programs are funded by two Federal sources: Community Development Block Grant and HOME, and three local funds: Housing Fund, Innovative Housing Fund and General Fund contribution."[35] However, staff was quick to comment that "local funds are limited now." In addition, staff noted the approval of two city-assisted homeownership projects in 1994 and the staff-written reports to the council, called Requests of Council Action, for these projects identified HOME monies as the source of funding.

Nonprofit housing organizations are the keystone of the current homeownership efforts in Charlotte. Two types of housing nonprofits operate in the City: community-wide organizations and neighborhood organizations. Generally, these organizations serve different purposes. One community-wide organization, the Charlotte-Mecklenburg Housing Coalition (CMHC), although not legally a nonprofit, is a fledgling organization comprised of the many nonprofit housing organizations throughout the community. One nonprofit staff member described CMHC as "a unified voice for affordable housing." A housing professional employed by another nonprofit stated that the CMHC provided a cohesive advocacy group and suggested that "there was strength in numbers." She also commented that CMHC facilitated communication and support among the area nonprofit housing organizations. CMHC offers a platform for exchange and problem-solving dialogue, but the organization does not actively initiate and implement homeownership programs itself.

In contrast, the Charlotte-Mecklenburg Housing Partnership (CMHP) provides a model for a community-wide housing nonprofit organization with programmatic responsibilities. CMHP works with local government, financial institutions, community groups, and others to expand affordable housing opportunities. Homeownership programs administered by CMHP target households with incomes at 80 percent or below the area median. The housing available through CMHP programs is located in specific neighborhoods in the Mecklenburg County service area as well as scattered sites throughout the City of Charlotte. Eligible prospective home buyers receive counseling and training on credit, legal, and budgeting matters through the CMHP Homeownership Program.[36] Financing a home purchase often involves several sources of funds. The buyer contributes a down payment (usually less than conventional standards), first mortgages come from a loan pool created by a consortium of area banks, and the City of Charlotte funds low-interest second mortgages.

Neighborhood nonprofits contribute by providing ownership opportunities in specific target areas. These nonprofits, more commonly referred to as Community Development Corporations (CDCs), generally have a range of objectives which frequently include increasing homeownership in their neighborhoods. Many housing professionals from public agencies and CDCs consider homeownership a vital element of neighborhood improvement. As one city staff member stated, "Homeownership is a method for stabilizing neighborhoods."

Charlotte works closely with CDCs to increase homeownership in neighborhoods throughout the city. City staff provide technical assistance such as help in grant preparation and facilitation of communication among city departments. Also, staff evaluates requests for funds from CDCs. To an outsider, the city funding process may appear ad hoc, since the city neither issues specific requests for proposals nor possesses a formal process for review of unsolicited proposals. However, city housing staff argue that flexibility in the process allows the neighborhood advocates to propose their vision of their neighborhood instead of a top-down approach mandated by formal criteria and standards set by the City.

Charlotte's policy approach to meeting its goal of increasing the homeownership rate remains untested. Many of the CDCs are young organizations proposing or just beginning their first homeownership project. Only after considerable time has passed will Charlotte be able to evaluate its approach. However, housing staffs at both the City and nonprofits agree that increased homeownership offers hope to declining neighborhoods. As one housing professional commented, "We see homeownership as a way to get back lost communities."

Durham

The City of Durham with a 1992 population of 140,926 is the fifth largest city in the State.[37] Although Durham's 1989 median household income of $27,256 was slightly higher than the statewide median income, the percent of individuals below the poverty level in the City was higher than the State figure (14.9 percent and 13 percent respectively). Indicators such as units lacking complete plumbing (0.4 percent), units lacking complete kitchen facilities (0.8 percent), and overcrowded units (3.1 percent) suggest good housing conditions in the City. Durham's 1990 homeownership rate of 44 percent, however, was much lower than the statewide rate of 68 percent.[38]

City staff identified two primary housing goals in the city: to reduce the number of substandard housing units and to increase the rate of homeownership. Staff noted that, whenever possible, City housing programs address both goals concurrently. Several city projects involved the rehabilitation of existing units for rent-to-own or immediate sale to lower-income households.

City staff cited limited financial resources and the geographic desirability of available housing as two barriers to low- and moderate-income homeownership in Durham. The city addresses the former obstacle in a multitude of ways including financial assistance to potential buyers in the form of deferred second mortgages. These second mortgages essentially provide the down payment for the home purchase. For example, to qualified households making less than 60 percent of the area median income, the city provides a second mortgage equal to 20 percent of the sales price of the home with the remainder of the sales price borrowed from a private lender. Qualified households making 60 percent to 80 percent of the area median income may receive a non-deferred second mortgage of 5 percent of the sales price. The latter barrier, geographic desirability, refers to the availability of homeownership opportunities in stable, safe neighborhoods. Homeownership opportunities for lower-income households often exist in declining or marginal neighborhoods. The lower-income buyer may be reluctant to invest in an unstable neighborhood and even more resistant to raising their children there. City efforts to stabilize and turn around a neighborhood include bringing a group of new home owners to the area at one time. The belief is that the influence from this critical mass of new owners will spread to the surrounding neighborhood.

Housing professionals, political representatives, and Durham residents support affordable housing efforts. Voters have shown their backing for affordable housing by passing general obligation (GO) bond referenda in 1986 and 1990, which included affordable housing program funds. County voters passed a 1986 GO bond which also included affordable housing monies. In total, the bond proceeds provided $23 million for affordable housing programs in the City and County.[39]

Bond proceeds and other sources provide funds to the wide range of homeownership projects and programs sponsored by the City. Of the bond monies allocated through fiscal year 1993-94, 48.1 percent went to homeownership programs.[40] Durham also funds homeownership efforts with federal assistance through the Community Development Block Grant and HOME programs.

Nonprofit housing organizations in Durham participate actively in housing efforts including provision of homeownership opportunities. An umbrella nonprofit organization, the Durham Affordable Housing Coalition (DAHC), facilitates communication among the other housing nonprofits in the City. In addition, DAHC pursues its own projects ranging from the analysis of discriminatory housing practices to homeownership counseling. Many nonprofit housing organizations in Durham act as developers on projects. Some of these nonprofits, with financial assistance from the City, rehabilitate or construct homes for sale to lower-income households.

The City of Durham has a formal process to evaluate proposals from nonprofit as well as for-profit developers. The City issues requests for proposals with a deadline for submission. City staff evaluate the proposals using various criteria including a match with needs, small area plans, and any conflict or incompatibility with existing programs. Evaluation of the proposals at the same point in time creates a competitive environment and allows staff to rank the proposed projects.

A house in the Brighton Subdivision, Durham, North Carolina.

The City of Durham attacks affordable housing problems, including homeownership, along all fronts. A diversity of program types and multiple project sponsors add to the success of housing efforts in Durham. Nonprofit and City-sponsored housing projects represent approximately 75 percent of total allocated bond funds during fiscal year 1993-94. The other 25 percent of the allocated funds went to for-profit development projects.

The Brighton development offers an example of a joint effort between the City and for-profit developers to create affordable homeownership opportunities. The City purchased a failed subdivision held by the Resolution Trust Corporation with bond proceeds and contracted out infrastructure improvements. The Durham-Chapel Hill Home Builders Association selected nine developers to build homes with a sales price of about $80,000. Nine model units opened in November, 1994 and another 45 units are planned. A reasonable sales price and financial assistance to buyers from the City of Durham make these new homes affordable to lower- income households.

The multiplicity of programs and approaches to affordable homeownership in Durham reflect the community's ongoing commitment to increasing ownership opportunities. Additional bond support for affordable housing may be necessary to meet City goals; however, staff foresees a future where housing efforts will be self-supporting from revolving loan funds.

Conclusion

The popularity of homeownership and the benefits attributed to it by our society have resulted in the rapid development of many low- and moderate-income homeownership programs. These programs involve many actors in both the public and private sector as well as different types of assistance. Publicly sponsored programs may involve national, state, and local resources and the program process may be highly structured as in Durham, or more informal as in Charlotte.

The apparent zeal for homeownership as reflected in widespread approval of homeownership policies leads us to note several issues concerning the creation of low- and moderate-income homeownership programs. All of our concerns have to do with planning community housing programs. First, policymakers should recognize that not everyone can be a homeowner. Homeownership programs should be one component of an overall strategy toward decent community housing for all. If needed, other types of housing assistance, especially for very low-income households, should not be eliminated in favor of homeownership programs. Second, homeownership may be feasible, but difficult, for some lower-income households. The potential pitfalls of homeownership as discussed in this paper need to be considered in program development. By recognizing the types of problems lower-income households might experience as home owners, program sponsors can build solutions into the program design. Third, community homeownership programs should include an evaluation component. As Ross Comer notes, "...evaluation can provide information about the processes and effects of specific local programs for ongoing, formative decisions as well as for longer-term, summative judgements."[41]

Our last point about program evaluation is crucial to the effectiveness and efficiency of homeownership programs. Without evaluation, a sponsor can not assess if a homeownership program or elements of that program are working. Evaluation offers a way to judge program success by matching program objectives to quantifiable indicators.[42] Results from program evaluation help policymakers determine the value of the program and provide information to program planners in other communities about specific aspects of homeownership programs. CP

References

Apgar, W., Masnick, G. and N. McArdle. 1991. *Housing in America: 1970-2000*. Cambridge: Joint Center for Housing Studies, Harvard University.

Basolo, V. 1992. Employer Assisted Housing: A Pilot Program in Greensboro, North Carolina. Unpublished paper.

Charlotte, Neighborhood Development Department. 1994. *Overview of Community Development FY94 Programs and Strategies in the City of Charlotte*.

Comer, R.F. 1981. "Evaluation Training and Local Government", in F.M. Zweig and K.E. Marvin, eds., *Educating Policymakers for Evaluation*. Beverly Hills: Sage Publications.

Cooper, C. 1972. "The House as a Symbol of the Self", in J. Land, ed., *Designing for Human Behavior*. Stroudsburg, PA: Dowden, Hutchinson and Ross.

Cox, K. 1982. Housing Tenure and Neighborhood Activism. *Urban Affairs Quarterly* 18 (1): 107-29.

Durham City/County Planning Department. 1994. *Housing Bond Program: Annual Report 1993-1994*.

Housing Assistance Council. 1984. *Taking Stock*. Washington D.C.: Housing Assistance Council.

Jackson, K. 1985. *Crabgrass Frontier*. New York: Oxford University Press.

Joint Center for Housing Studies. 1992. *The State of the Nation's Housing 1992*. Cambridge, MA: Harvard University.

Kemeny, J. 1981. *The Myth of Home Ownership*. London: Routledge & Kegan Paul PLC.

Mitchell, J. 1985. Historical Overview of Federal Policy: Encouraging Homeownership, in J. Mitchell, ed., *Federal Housing Policies and Programs*. New Brunswick: Center for Urban Policy Research.

National Association of Realtors. 1992. *Survey of Homeowners and Renters: Key Findings*. Washington D.C: National Association of Realtors.

North Carolina Housing Finance Agency. 1994. *1994-1998 Comprehensive Housing Affordability Strategy*. Raleigh, N.C.: North Carolina Housing Finance Agency.

North Carolina Rural Economic Development Center. 1992. *North Carolina Rural Profile*. Raleigh: North Carolina Rural Economic Development Center.

Personal Conversation, Peter Skillern, Executive Director, Durham Affordable Housing Coalition, Durham, North Carolina, September, 1994.

Personal Interview with Kendall Abernathy, Housing Bond Administrator, Durham City/County Planning Department, North Carolina, October 1994.

Personal Interview with Paul Joyner, Assistant Director of Housing Services, Durham City/County Planning Department, North Carolina, October 1994.

Personal Interview with Jackie Edwards, Executive Director, Reid Park Associates, Charlotte, North Carolina, November 1994.

Personal Interview with Steven Washington, Neighborhood Development Manager, Community Development Department, City of Charlotte, North Carolina, November 1994.

Personal Interview with Patricia G. Garrett, President, Charlotte-Mecklenburg Housing Partnership, Raleigh, North Carolina, December 1994.

Telephone Conversation with Francine Taylor, Housing Counselor, Durham Affordable Housing Coalition, Durham, North Carolina, December 1994.

Rohe, W. 1993. *Creative Homeownership Programs for Low-Income Families*. A paper presented at the John Hopkins Institute for Policy Studies, Hopkins Policy Leadership Seminar.

Rohe, W., Basolo V. and Z. Liu. 1993. *Housing Conditions and Needs in North Carolina*. A report prepared for The North Carolina Division of Community Assistance.

Rohe, W. and M. Stegman. 1994a. "The Effects of Homeownership on the Self-Esteem, Perceived Control and Life Satisfaction of Low-Income People". *Journal of the American Planning Association* 60 (2): 173-184

Rohe, W. and M. Stegman. 1994b. "The Impact of Homeownership on the Social and Political Involvement of Low-Income People". *Urban Affairs Quarterly* 30 (1): 152-172.

Rossi, P.H. and H.E. Freeman. 1989. *Evaluation*. Newbury Park: Sage Publications.

Saunders, P. 1990. *A Nation of Home Owners*. London: Unwin Hyman.

U.S. Department of Commerce, Bureau of the Census. 1994. *County and City Data Book*. Washington D.C.

U.S. Department of Commerce, Bureau of the Census. 1992a. *1990 Census of Population and Housing. North Carolina Detailed Housing Characteristics*. Washington D.C.

U.S. Department of Commerce, Bureau of the Census. 1992b. *1990 Census of Population and Housing: North Carolina Summary Population and Housing Characteristics*. Washington D.C.

U.S. Department of Commerce, Bureau of the Census. 1992c. *1990 Census of Population and Housing: North Carolina Summary Social, Economic and Housing Characteristics*. Washington D.C.

U.S. Department of Housing and Urban Development. 1991. *Homeownership and Affordable Housing*. Washington D.C.: Office of Policy Development and Research.

U.S. Department of Housing and Urban Development. 1994. *U.S. Housing Market Conditions*. Washington D.C.: Office of Policy Development and Research.

Warren, Gorham, and Lamont. 1994. *Housing and Development Reporter Current Developments* 22 (18): 275.

Notes

[1] Quote from Crabgrass Frontier by Kenneth T. Jackson (1985). New York: Oxford University Press, p.50.

[2] Mitchell, 1985; Rohe and Stegman, 1994a.

[3] Saunders, 1990; Kemeny, 1981.

[4] Apgar, Masnick, et.al., 1991; Jackson, 1985.

[5] Joint Center for Housing Studies, 1992; National Association of Realtors, 1992.

[6] Jackson, 1985.

[7] Mitchell, 1985; Rohe, 1993.

[8] Joint Center for Housing Studies, 1992, p.15.

[9] Cooper, 1972.

[10] Saunders, 1990.

[11] Rohe and Stegman, 1994a.

[12] Cox, 1982; Rohe and Stegman, 1994b.

[13] Rohe, Basolo, and Liu, 1993.

[14] North Carolina Rural Economic Development Center, 1992.

[15] Housing Assistance Council, 1984.

[16] The gross numbers used for these percentages came from two separate Census tables. Income ranges in these tables were not identical, therefore, we assumed an even distribution within the lower-income ranges and divided observations accordingly. In other words, these figures are only rough estimates based on our interpolation.

[17] This figure is based on "specified owner-occupied housing units" as opposed to all owner-occupied housing units. The Census Bureau defines specified owner-occupied housing units as "owner-occupied one-family houses on fewer than 10 acres without a business or medical office on the property" (p. B-45).

[18] U.S. Department of Commerce, 1992a.

[19] Apgar, Masnick, and McArdle, 1991.

[20] We say the data only suggests these patterns of ownership because of the assumptions that must be made to determine the patterns as well as the way the data are reported. For example, an analysis of ownership by age varies based on the threshold used for older-headed households. If the age threshold is 34, then the 1990 figures clearly show older headed households (i.e. 35 and over) own their homes at a higher rate than younger households. Also, the Census Bureau reports occupancy by number of persons in the housing unit. From this data, we can say that in North Carolina in 1990, households with more than one person owned their housing unit at a higher rate than one person households.

[21] HUD, 1994.
[22] North Carolina Housing Finance Agency, 1994; HUD, 1991.
[23] Very low-income is defined as households at 0-50 percent of the HUD adjusted median family income.
[24] Low-income is defined as households at 51-80 percent of the HUD adjusted median family income.
[25] North Carolina Housing Finance Agency, 1994, CHAS Five Year Strategy, p.1.
[26] National Association of Realtors, 1992.
[27] Warren, Gorham, and Lamont, 1994, p. 275.
[28] Basolo, 1992.
[29] It should be noted that the housing efforts of county governments in North Carolina are somewhat curtailed due to the lack of enabling legislation allowing the direct funding of housing programs by counties (North Carolina Housing Finance Agency, 1994).
[30] The North Carolina Cities Housing Survey was conducted in Spring of 1994 by Victoria Basolo as part of a larger study. Based on 1990 Census Bureau figures, the number of cities with a population of 10,000 persons or greater equals fifty. All 50 cities received the questionnaire and a follow-up reminder with another copy of the questionnaire. The overall response rate to the survey was 58 percent (n=29).
[31] U.S. Department of Commerce, 1994.
[32] The definition of "below the poverty level" involves a baseline income needed to meet a Department of Agriculture economy food plan. Income categories reflecting family size and age composition of the family establish poverty thresholds. The Census Bureau compares the respondent's (family or individual) total income to the thresholds and assigns individuals not meeting the thresholds to "below poverty level" status. Although the poverty thresholds are adjusted annually to take into account changes in the Consumer Price Index, the thresholds are based on national figures and do not reflect regional variations (U.S. Bureau of the Census, 1992).
[33] U.S. Department of Commerce, 1992b, 1992c.
[34] City of Charlotte Neighborhood Development Department, 1994.
[35] Charlotte Neighborhood Development Department, 1994.
[36] Homeownership counseling and training is supported through a grant from the City of Charlotte.
[37] U.S. Department of Commerce, 1994.
[38] U.S. Census Bureau, 1990.
[39] The County of Durham includes the City of Durham and other unincorporated areas. Planning functions including housing services for the two entities are performed by the joint Durham City/County Planning Department.
[40] Durham City/County Planning Department, 1994.
[41] p. 112.
[42] Rossi and Freeman, 1989.