Elon University
Phoenix Policy Institute

Housing, Wealth, and Local Policy

Unequal Access to Homeownership and Community Stability

PRICE
$5999

BY LILY ANDRESEN-SIMMONS

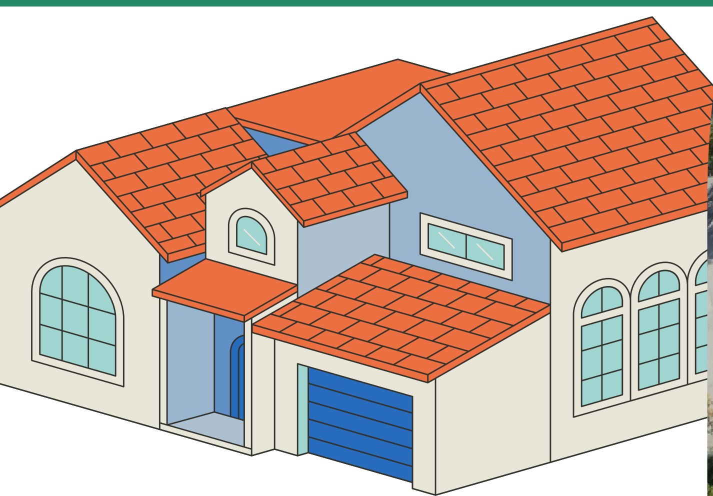
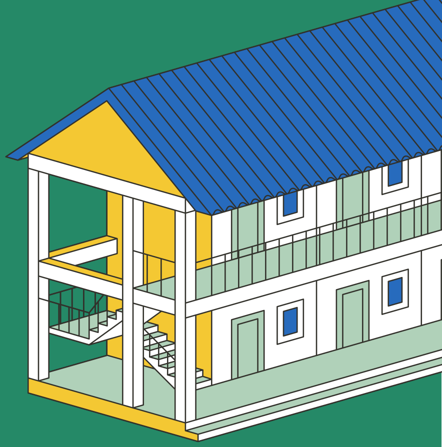
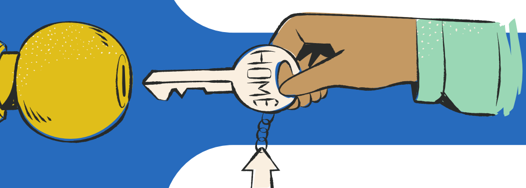


Table of Contents



Problem Definition

Unequal access to stable homeownership is a major driver of **racial wealth inequality, intergenerational poverty, and neighborhood instability** in the United States. Homeownership functions as one of the primary mechanisms for wealth accumulation and long-term economic security, yet access to ownership remains **highly unequal** across racial and class lines. Households excluded from ownership opportunities are more vulnerable to **rent burden, displacement, and housing insecurity**, while homeowners are more likely to **accumulate wealth, access credit, and experience long-term residential stability** (Dietz & Haurin, 2003).



Local housing markets often **generate wealth for existing property owners** while simultaneously **excluding low-income households** and **historically marginalized communities** from ownership opportunities. Rising home prices, speculative investment, and redevelopment pressures have further **limited affordability for first-time buyers** and increased displacement risks for long-term residents. In many cities, neighborhood "revitalization" has contributed to **gentrification**, where rising property values and investment displace lower-income residents and communities of color. As a result, housing policy shapes access to **wealth-building, community stability, and economic opportunity**.

Scope of the Problem

The scale of housing inequality is substantial at both national and local levels. Nationally, the **Black-white homeownership gap** remains close to **30 percentage points**, making it one of the most persistent indicators of racial inequality in the United States (Urban Institute, 2020). Homeownership is also **closely tied to wealth accumulation**; the median wealth of homeowners is significantly higher than that of renters, with **home equity** serving as the **primary asset** for many households (Herbert et al., 2014).

Housing affordability challenges have intensified these disparities. **Rising home prices, stagnant wages, and increased investor purchases of single-family homes** have reduced access to ownership for low- and moderate-income households (Joint Center for Housing Studies, 2023). At the same time, the United States faces a **severe shortage of affordable housing** for extremely low-income households (National Low Income Housing Coalition, 2024).

These pressures are especially visible at the **local level**, where municipalities shape housing outcomes through zoning, land-use planning, taxation, and housing programs. In growing cities and neighborhoods experiencing reinvestment, rising rents and property taxes place **increasing pressure on renters and long-term residents**, particularly within historically marginalized communities. As a result, local governments face the challenge of **balancing neighborhood investment and economic development with affordability and community stability**.

Policy Context

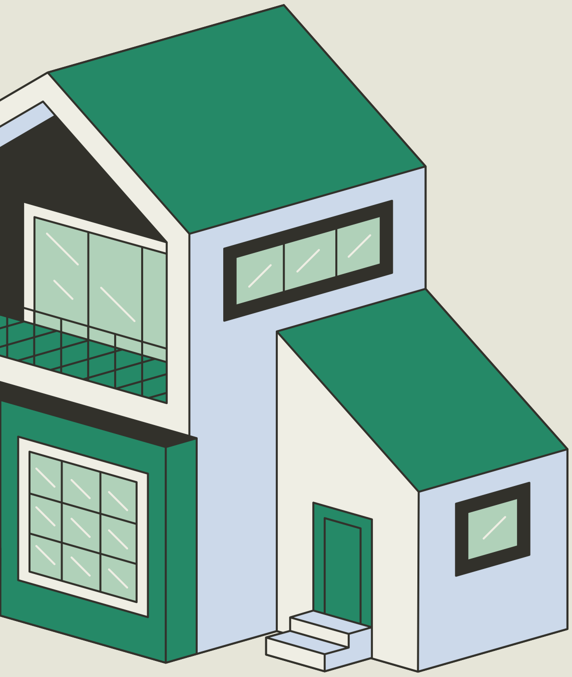
Contemporary housing inequality is rooted in historical housing policies that **systematically restricted access to ownership for marginalized communities**. During the twentieth century, policies such as **redlining, racially restrictive covenants, exclusionary zoning, and discriminatory mortgage** lending excluded Black households from wealth-building opportunities tied to homeownership (Rothstein, 2017). Federal institutions such as the Federal Housing Administration **reinforced segregation by favoring white suburban development** while limiting mortgage access in communities of color.

Programs such as the GI Bill expanded homeownership opportunities after World War II, but **discriminatory local implementation** often prevented Black veterans from accessing the same benefits as white veterans (Katznelson, 2005). These policies contributed to **long-term racial disparities in wealth accumulation and suburban homeownership** that continue today.

Housing policy also shifted significantly in the late twentieth century toward market-oriented approaches emphasizing **privatization, deregulation, and expanded mortgage credit access**. While these policies increased homeownership for some households, they also **shifted financial risk onto individuals and contributed to instability in low-income communities**. These dynamics became especially visible during the 2008 foreclosure crisis, when low-income and minority homeowners experienced disproportionately high foreclosure rates and wealth losses (Saegert et al., 2009).

Policy Implications

Current housing policy relies heavily on **market-based mechanisms** that often fail to address long-term affordability or displacement. Local governments commonly use tools such as **inclusionary zoning, down-payment assistance programs, housing trust funds, and property tax abatements** to improve housing access. While these programs can reduce short-term barriers to ownership, many **lack permanent affordability protections** or mechanisms to prevent speculative resale and displacement.



For example, inclusionary zoning policies frequently require affordability for only a **limited period** before units return to market rates. Similarly, down-payment assistance programs may help households enter the housing market but **do not necessarily protect them from rising property taxes, market volatility, or displacement pressures over time**. As a result, many existing policies improve access **temporarily** without **addressing the structural causes** of housing inequality.

In response, some municipalities have explored alternative approaches such as community land trusts (CLTs), shared-equity housing models, and anti-displacement protections. These policies attempt to preserve long-term affordability by separating land ownership from homeownership, limiting speculative resale, and incorporating community governance structures. The growth of these models reflects **increasing recognition that housing policy must balance wealth-building opportunities with long-term neighborhood stability and protection against displacement**.

Stakeholders

Housing policy affects multiple groups with competing interests. **Low- and moderate-income renters** are among the most impacted because rising housing costs, limited credit access, and increasing home prices restrict opportunities for homeownership and increase displacement risk. **First-generation buyers and historically marginalized communities** are especially affected due to lower access to intergenerational wealth and financial resources.

Existing homeowners may benefit from rising property values and neighborhood investment, but **long-term residents** in appreciating neighborhoods can also face higher property taxes and increased living costs that create displacement pressures. **Landlords** and **real estate investors** often benefit from rising rents and property values and may oppose affordability requirements or policies that expand ownership access. **Developers** may resist permanent affordability regulations but may support affordability initiatives if paired with financial incentives.

Local governments, planning departments, and housing authorities are key stakeholders because they shape housing outcomes through zoning, taxation, and housing programs. **Community organizations** and **housing advocacy groups** also influence policy by advocating for affordability protections, anti-displacement measures, and equitable access to homeownership.

Criteria for Evaluation

The first criterion is **effectiveness**, which measures how well a policy **increases homeownership access, reduces displacement, and improves neighborhood stability**. This includes outcomes such as higher homeownership rates and lower foreclosure or displacement rates.

The second criterion is **net cost**, including both **short-term** public **expenditures** and **long-term economic impacts**. This includes program funding, administrative costs, and potential long-term savings from reduced housing instability and displacement.

The third criterion is **equity**, which evaluates how well a policy **reduces disparities** in access to homeownership and wealth accumulation. This includes whether policies benefit **historically marginalized groups** and reduce racial and economic inequalities.

The fourth criterion is **sustainability**, which measures whether **affordability and stability** are **maintained** over time. Policies with permanent affordability protections and long-term anti-displacement measures score higher on sustainability than those producing only temporary improvements.

Alternatives and Evaluation

The first alternative is the **status quo**, in which local governments continue existing housing policies without major changes. Under this approach, municipalities rely on current tools such as **limited inclusionary zoning policies, temporary affordability requirements, and small-scale down-payment assistance programs**. While these policies may provide modest improvements in housing access, they do not substantially address long-term affordability or displacement. As a result, **rising home prices and neighborhood reinvestment** would likely continue to increase barriers to ownership for low-income households and historically marginalized communities.

The second alternative is an **expanded homeownership access model** focused on **reducing barriers** for first-time and first-generation homebuyers. This approach would **expand down-payment assistance programs, provide property tax abatements for new homeowners, and create partnerships** with local banks and nonprofits to improve credit access and financial education. These policies would make homeownership **more accessible** for low- and moderate-income households by **reducing upfront costs**. However, this model does not include permanent affordability protections, meaning homes could eventually **return to market rates** and displacement pressures could persist over time.

The third alternative is a **community land trust (CLT)** and **anti-displacement model** focused on long-term affordability and neighborhood stability. Under this approach, local governments would partner with **nonprofit organizations** to transfer publicly owned land into trust and **expand shared-equity homeownership opportunities**. Policies would include **permanent affordability covenants, resale restrictions, and property tax protections for long-term residents**. This model aims to expand access to homeownership while **preventing speculative resale** and displacement. Although it requires greater administrative capacity and upfront investment, it provides stronger **long-term affordability** and stability than the other alternatives.

What is a Community Land Trust?

A community land trust (CLT) is a nonprofit organization that owns land and maintains it for long-term community benefit. Under this model, residents can purchase homes on the land while the CLT retains ownership of the land itself, helping reduce housing costs and preserve affordability.

Most CLTs use a shared-equity system in which homeowners build some equity but agree to resale restrictions that keep homes affordable for future buyers. Unlike many affordable housing programs with temporary affordability requirements, CLTs are designed to maintain affordability permanently through long-term ground leases and resale agreements.

CLTs are often used as anti-displacement tools because they expand access to homeownership while limiting speculative price increases and preserving neighborhood stability over time.

Evaluation

The status quo performs poorly across most criteria because current policies **have not significantly reduced housing inequality or displacement pressures**. While this option has relatively low public cost, it produces limited long-term improvements and does little to reduce racial disparities in homeownership or preserve affordability over time.

The expanded homeownership access model performs moderately well in terms of effectiveness and equity because it **reduces barriers to entry** for first-time buyers and can increase homeownership rates among **targeted populations**. It is also relatively feasible for local governments to implement through existing housing programs. However, because this approach **lacks permanent affordability protections**, it performs less effectively on sustainability and may not significantly reduce long-term displacement pressures.

The CLT and anti-displacement model performs strongest overall. Research shows that shared-equity and community land trust models **improve long-term housing stability** and **reduce foreclosure risk** compared to conventional ownership models. This approach also scores highly on equity because it **specifically targets historically excluded communities** and preserves affordability across generations. Although upfront costs and administrative complexity are higher, the long-term benefits of **permanent affordability and reduced displacement** make this alternative the most sustainable option.

Evaluation Matrix

Criteria	Status Quo	Ownership Expansion	CLT & Anti-Displacement
Effectiveness	Low Persistent ~30 percentage point Black-white homeownership gap	**Moderate** increases homeownership by ~5-10 percentage points among targeted groups	**High** ~50% fewer residential moves and lower foreclosure rates than market ownership
Cost	**Low** Minimal public expenditure, but no investment in structural affordability systems	**Moderate** Typical assistance ranges from ~\$10,000-\$30,000 per household; property tax abatements and subsidies reduce short-term fiscal revenue	**Moderate upfront** High initial land acquisition and development costs (often \$200K+ per unit in high-cost markets)
Equity	**Low** Large racial wealth and ownership disparities persist	**Moderate** Expands access for first-time and low-income buyers, but benefits remain uneven and do not substantially reduce the ~30-point racial homeownership gap	**High** Targets low-income and historically excluded groups; CLT ownership populations are disproportionately Black and female-headed households and concentrate benefits among marginalized residents.
Sustainability	**Low** Affordability protections are time-limited (often 10-30 years in inclusionary zoning), after which units return to market rate	**Low** does not preserve affordability across resale cycles	**High** Permanent affordability through 99-year ground leases and resale formulas; housing remains affordable across generations, preventing cyclical displacement.

Recommendation

Based on the evaluation above, this brief recommends that local governments adopt a **phased housing strategy** centered on **community land trusts (CLTs)** and **anti-displacement protections** while integrating supportive ownership-access programs. Rather than relying solely on market-based affordability tools, municipalities should prioritize policies that preserve affordability over time and stabilize communities.

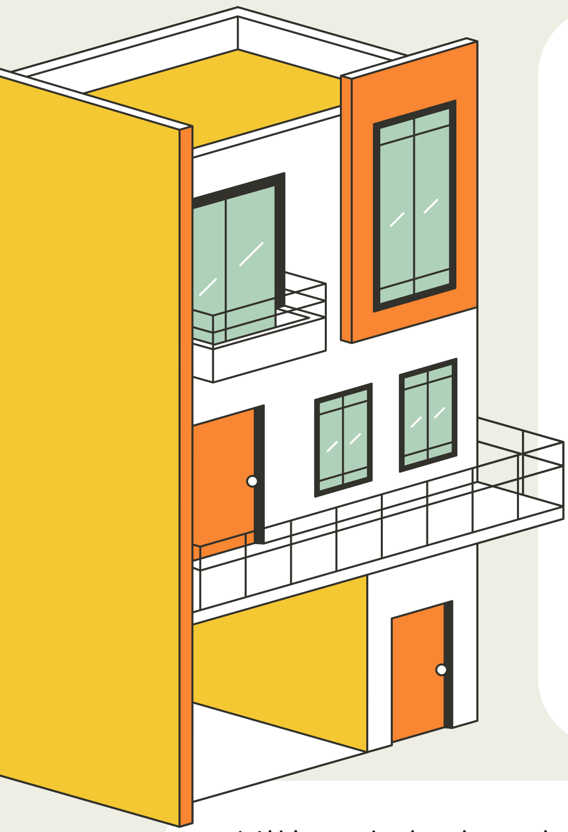
Implementation should begin with feasible local actions, including expanding down-payment assistance for first-generation buyers, creating property tax relief for income-constrained homeowners, and identifying publicly owned land that can be transferred into nonprofit or community-controlled ownership structures. Over time, these initiatives can be integrated into **a broader CLT framework** with **shared-equity resale formulas** and **permanent affordability protections**.

This approach performs most strongly across the evaluation criteria. It addresses immediate barriers to ownership while reducing long-term displacement and preserving affordability across generations. Unlike temporary affordability programs, CLTs **maintain community stability** as housing markets change. Combining ownership assistance with anti-displacement measures expands access to **wealth-building opportunities** without accelerating gentrification pressures.

Although this strategy requires greater upfront coordination and investment than the status quo, evidence from existing CLT models shows **long-term benefits outweigh initial costs**. A gradual, **scalable implementation** process also improves political and administrative feasibility, particularly for smaller municipalities with limited resources.

Conclusion

Housing policy is deeply tied to **wealth accumulation, neighborhood stability, and long-term economic opportunity**. Current housing systems continue to produce unequal access to homeownership while exposing many low-income and historically marginalized residents to displacement pressures. Although policies such as down-payment assistance and inclusionary zoning can improve affordability in the short term, they often fail to create lasting affordability or prevent speculative market pressures from displacing residents over time.



This analysis demonstrates that policies centered on **long-term stability and permanent affordability** produce stronger outcomes across effectiveness, equity, and sustainability criteria. Community land trusts offer a framework that allows residents to **build wealth while maintaining affordability** for future generations and reducing displacement risk. At the same time, smaller-scale interventions such as property tax relief and first-time buyer assistance remain important tools that can help municipalities gradually build toward broader structural change.

Ultimately, local governments play a central role in shaping who is able to remain in and benefit from changing communities. Expanding access to stable homeownership is an investment in **stronger local economies, more stable neighborhoods, and long-term community resilience**.

References

Been, V., Ellen, I. G., & O'Regan, K. (2019). Supply skepticism: Housing supply and affordability. *Housing Policy Debate*, 29(1), 25–40.
Bipartisan Policy Center. (2024). *Reconsidering the mortgage interest deduction.*
City of Durham. (2023). *Durham comprehensive plan (adopted October 2023).*
Davis, J. E. (2010). *The community land trust reader*. Lincoln Institute of Land Policy.
Dietz, R. D., & Haurin, D. R. (2003). The social and private micro-level consequences of homeownership. *Journal of Urban Economics*, *54*(3), 401–450.
Greater Asheville for Public Transportation & Housing (GAP). (2026). *Anti-displacement approaches in other North Carolina counties and cities.*
Gray, K. A., & Miller-Cribbs, J. E. (2012). *The Durham community land trustees. Journal of Community Practice*, 20(4), 402–413.
Haveman, M., & Sirmans, C. F. (1999). The role of tax policy in homeownership decisions. *National Tax Journal, 52*(4), 465–478.
Herbert, C. E., McCue, D. T., & Sanchez-Moyano, R. (2014). Is homeownership still an effective means of building wealth for low-income and minority households? *Cityscape, 16*(2), 43–77.
Joint Center for Housing Studies. (2023). *The State of the Nation's Housing*. Harvard University.
Katznelson, I. (2005). *When Affirmative Action Was White.*
National Low Income Housing Coalition. (2024). *The gap: A shortage of affordable homes.*
Rothstein, R. (2017). *The Color of Law: A Forgotten History of How Our Government Segregated America.*
Saegert, S., Fields, D., & Libman, K. (2009). Deflating the dream: Radical risk and the neoliberalization of homeownership. *Journal of Urban Affairs, 31*(3), 297–317.
San Diego Association of Governments. (2023). *Housing acceleration program: Regional housing initiatives and implementation strategies [PDF].*
Schuetz, J., Meltzer, R., & Been, V. (2011). Silver bullet or Trojan horse? The effects of inclusionary zoning. *Urban Studies, 48*(2), 297–329.
Serrano, N., Realmuto, L., Graff, K. A., Hirsch, J. A., Andress, L., Sami, M., Rose, K., Smith, A., Irani, K., McMahon, J., & Devlin, H. M. (2023). Healthy Community Design, Anti-displacement, and Equity Strategies in the USA: A Scoping Review. *Journal of urban health : bulletin of the New York Academy of Medicine, 100*(1), 151–180. https://doi.org/10.1007/s11524-022-00698-4
Urban Institute. (2020). *An essential role for down payment assistance in closing America's racial homeownership gap.*
Urban Institute. (2022). *Housing finance and homeownership trends.*