

## **Race and Equity Pocket Questions**

**Title and purpose of this initiative:** Approval of funding for two American Rescue Plan Act (ARPA) Affordable Housing requests.

**Department:** Housing and Community Services

### **What are the racial and equity impacts?**

BIPOC residents earn less on average than their white counterparts. Due to the far-reaching impacts of systemic racism, Black, Latino, and Native American workers are more likely than white workers to be in lower-paying fields like service and production, while white workers have greater accessibility to, and more regularly hold, management and leadership roles.<sup>1</sup> Even in the same professions, BIPOC workers earn less than their white counterparts. In 2024, Black workers made \$0.76 for every dollar made by white workers. For Latino workers it was \$0.73, and for Native American workers, \$0.77.<sup>2</sup> In 2022, white households owned 85% of total household wealth in the US but made up only 66% of households.<sup>3</sup>

As a result of these disparities, BIPOC workers, specifically Black and Latino workers, face larger gaps between their wages and the cost of housing than white workers. Subsequently, BIPOC residents have lower rates of rental success and homeownership and, conversely, higher rates of housing insecurity and homelessness. Specifically, Black residents make up over 50% of those experiencing homelessness in Orange County, while only comprising 12% of the population.<sup>4</sup>

In Orange County, the current Fair Market Rent (FMR) for a 2-bedroom apartment is \$1,631, around 37% higher than the average across North Carolina.<sup>5</sup> This requires an hourly wage of \$31.37 to afford. The FMR has increased in Orange County by 24% in the last year and 55% over the last five years, resulting in 54% of renters having difficulty affording their homes.<sup>6</sup> The median sale price for a home in Carrboro is currently \$480,820.<sup>7</sup> This is over \$100,000 more than the \$363,600 median across North Carolina.<sup>8</sup> Housing in Carrboro is objectively expensive when compared to the rest of North Carolina. When looking at racial economic disparities across the US and in our area specifically, the burden of high housing costs falls disproportionately on communities of color.

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<sup>1</sup> Bureau of Labor Statistics, 2020a; Allard & Brundage, Jr., 2019

<sup>2</sup> [Earnings Disparities by Race and Ethnicity | U.S. Department of Labor \(dol.gov\)](#)

<sup>3</sup> [U.S. Wealth Gaps Remain Despite Widespread Gains | St. Louis Fed \(stlouisfed.org\)](#)

<sup>4</sup> [Homelessness in Orange County | ocpeh \(ocpehnc.com\)](#)

<sup>5</sup> [FY 2024 Fair Market Rent Documentation System — Statewide Summary for North Carolina \(huduser.gov\)](#)

<sup>6</sup> *The 2024 Housing Need in Orange County*, North Carolina Housing Coalition, January 2024

<sup>7</sup> [Town-of-Carrboro-FY24-Adopted-Fee-Schedule \(carrboronc.gov\)](#)

<sup>8</sup> [Median Home Price By State 2024 – Forbes Advisor](#)

The following funding recommendations will provide greater rental and homeownership opportunities in Carrboro to people earning between 30% and 80% AMI, a population that is disproportionately made up of BIPOC. By servicing the housing needs of this low- to-moderate-income, largely BIPOC population, Carrboro will work towards a more equitable housing landscape.

- Funding the \$600,000 EmPOWERment request would support the acquisition of 10 existing rental units, currently occupied by low-income households earning between 30% and 60% AMI. Acquisition would preserve the units as Naturally Occurring Affordable Housing (NOAH) instead of potentially being sold to a buyer uninterested in maintaining affordable housing.
- Funding the \$1 million Habitat for Humanity request would support the creation of 75 new homeownership units to Carrboro's affordable housing stock. This would provide accessible homeownership opportunities for residents earning between 30% and 80% AMI, and homes would remain affordable for 99 years via deed restrictions. This would allow residents additional housing security by becoming homeowners. Additionally, homeowners may see a reduction in long-term housing costs after making the jump from rental to homeownership.

#### **Who is or will experience community burden?**

##### **IF APPROVED -**

###### **Habitat for Humanity request:**

- People living in the Rogers Rd./Eubanks community who will experience an increase of new residents in the neighborhood which might impact traffic.

###### **EmPOWERment request -**

- Ten households will have to go through a new landlord and leasing process.

Both EmPOWERment and Habitat for Humanity could experience an increased financial burden and capacity struggles in pursuing their projects.

##### **IF NOT APPROVED -**

If funding were not approved, Habitat for Humanity and EmPOWERment would not receive needed funds to support or complete their projects. This would result in different outcomes for both organizations.

###### **Habitat for Humanity request:**

- 75 households earning between 30%-80% AMI, who struggle to afford rent and need assistance to transition from rental to homeownership, may not have the opportunity to pursue affordable homeownership under the guidance of a well-situated nonprofit organization.

EmPOWERment request:

- Ten households may be at risk of losing their homes, forcing them to uproot their families and pursue different housing options. This could occur if the property was sold to a buyer uninterested in preserving affordable housing. Current residents would possibly have to go through a new landlord and leasing process and pay a higher rent, resulting in increased financial struggle. They might be displaced, and if so, they might not be able to find housing that they can afford. Carrboro would also be at risk of losing 10 units of Naturally Occurring Affordable Housing (NOAH).

**Who is or will experience community benefit?**

EmPOWERment request: 10 households currently living in 10 rental units off Homestead Rd. in Carrboro would not be displaced.

Habitat for Humanity: 75 households would have the opportunity to purchase their own home in the proposed 75-unit development off Rogers Rd. in Carrboro.

Both nonprofits would benefit by having these funds available to complete their projects. It would allow them to carry out their missions and serve people in need of securing or maintaining affordable housing. Successful leveraging of the funds and completion of the projects could be used as evidence for the organizations for future grant applications.

**What are the root causes of inequity?**

American political, social, and financial systems have worked to actively marginalize people of color, specifically Black Americans. For hundreds of years, intentional actions have been taken to deny humanity, wealth and equitable education and employment for BIPOC. This has resulted in large racial disparities in educational opportunity, wealth and asset accumulation, and social mobility. Disparities have been created and widened through government sponsored intentional racism and marginalization in the form of enslavement, forced displacement and loss of homeland of indigenous peoples, Jim Crow era policy, redlining, restrictive zoning ordinances, predatory and barrier-ridden lending practices, the American Credit System, over-policing of communities of color, the illegality of rent control in NC, and white power structures' lack of willingness to address, and explicit desire to maintain, racial disparities.

**What might be the unintended consequences of this action or strategy?**

If funding were approved, then all ARPA funds designated for Affordable Housing use (\$1 million) would be depleted and no other organizations would be able to access those funds. Subsequently, those funds would not be used for additional affordable housing projects that could add to the Town's affordable housing stock and serve residents making 80% or below the AMI.



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Habitat for Humanity request: Nearby residents could face construction noise and debris. Additionally, new homeowners will have to work Habitat's "sweat equity" policy into their schedules. Lastly, homeowners will be tasked with homeowner costs such as maintenance that would have previously been handled by a landlord.

EmPOWERment request: tenants may face inconveniences in the shift in management to EmPOWERment, as well as disruption when appliances are updated. Conversely, tenants will also get updated appliances.

If funding were not approved, both organizations may have to pivot their short and long-term goals to account for their inability to complete the proposed projects. Reprioritizing could result in delays on starting new projects. Additionally, to the Town may need to reallocate and obligate the remaining ARPA Affordable Housing funds before the December 31, 2024 deadline.

**How is your department planning to mitigate any burdens, inequities, and unintended consequences?**

The department continues to engage with jurisdictional peers and community partners to advance affordable housing in the community and to address racial inequities in housing under the guidance of the One Orange Countywide Racial Equity Framework and the Town's Office of Race and Equity. Since this department was formed our work has been increasingly focused on racial disparities in housing, preservation of Black neighborhoods, and increasing housing options for extremely low-income households, who are disproportionately BIPOC. This lens is vitally important in all aspects of the Town's work, and especially in housing where there are blatant disparities along racial lines.