

Race and Equity Pocket Questions

Title and purpose of this initiative: Approval of the 2024-2025 HOME Investment Partnership Program Annual Plan.

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.¹ 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, \$0.77.² In 2022, white households owned 85% of total household wealth in the US but made up only 66% of households.³

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.⁴

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.⁵ 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, and 30% of all households in Orange County being cost-burdened.⁶ Housing in our area 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.

The HOME Investment Partnership Program will create more affordable rental units and opportunities for rental support in Orange County to people earning between 0% and 60% AMI, a population that is disproportionately made up of BIPOC. By servicing the housing needs of this low-to-moderate-income, largely BIPOC population in our county, Carrboro will contribute to a more equitable housing landscape in our area. The Partnership hopes to dedicate their 24-25 funds to two projects:

¹ Bureau of Labor Statistics, 2020a; Allard & Brundage, Jr., 2019

² [Earnings Disparities by Race and Ethnicity | U.S. Department of Labor \(dol.gov\)](https://www.dol.gov/ebsa/earnings-disparities-by-race-and-ethnicity)

³ [U.S. Wealth Gaps Remain Despite Widespread Gains | St. Louis Fed \(stlouisfed.org\)](https://www.stlouisfed.org/outreach/docs/2022/08/20220801-us-wealth-gaps-remain-despite-widespread-gains.pdf)

⁴ [Homelessness in Orange County | ocpeh \(ocpehnc.com\)](https://www.ocpeh.com/homelessness-in-orange-county)

⁵ [FY 2024 Fair Market Rent Documentation System — Statewide Summary for North Carolina \(huduser.gov\)](https://www.huduser.gov/portal/publications/fair-market-rent/fmr-2024)

⁶ *The 2024 Housing Need in Orange County*, North Carolina Housing Coalition, January 2024



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- A new construction rental complex by CASA, located in Hillsborough. The complex will have 72 affordable housing units meant to serve residents earning 60% AMI and below.
- A Tenant-Based Rental Assistance (TBRA) program through the Orange County Partnership to End Homelessness (OCPEH), meant to target 15 households currently experiencing homelessness in the County, with zero income and multiple disabling conditions.

Who is or will experience community burden?

IF APPROVED -

CASA Rental:

- Hillsborough residents living around or near the CASA property, who will experience an increase of new residents in the neighborhood which might impact traffic.
- CASA could experience increased financial burden and capacity struggles in pursuing their project.
- For this project, Carrboro will experience some community burden in funding a project for another jurisdiction. This is the nature of HOME funding being county-wide. In past years, HOME funds supported projects in Carrboro.

OCPEH Tenant-Based Rental Assistance:

- 15 Orange County households currently experiencing homelessness who will have to begin coordinating across multiple supportive services, which could be difficult and confusing, especially as they attempt to navigate the experience of homelessness.
- OCPEH, who may have trouble convincing landlords to work with the program and accept their payments.
- OCPEH, who may face capacity and fund management struggles in administering limited rental assistance funds.

IF NOT APPROVED -

CASA Rental:

- 72 local households living at 60% AMI or below, who would not be able to access a new affordable rental opportunity. This could also result in households remaining in less than desirable, inhumane, or even unsafe living conditions. The burden of the lack of affordable housing tends to fall on communities of color, who have higher rates of homelessness and housing insecurity across the country, and in our county specifically, due to our nation's history of government-sponsored intentional and de facto racism.
- CASA may be unable to secure additional funding, resulting in new affordable rental units not being created in our area. This would impede the organization in working towards their goal of "ending homelessness through affordable housing," which requires the continuing construction and procurement of new affordable housing units.

OCPEH Tenant-Based Rental Assistance:

- 15 households currently experiencing homelessness who will not receive the financial assistance and supportive services they need to become permanently housed. This will have a disproportionate impact on communities of color, specifically Black residents, as the population of people experiencing homelessness in our community is over 50% Black.



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- OCPEH may be unable to secure additional funding, resulting in the foregoing of the Tenant-Based Rental Assistance Program. This would impede the organization in working towards their goal of centering the Housing First Model. This would also sideline the only program in our area that would target people currently experiencing homelessness, with zero income, in securing and maintaining permanent housing, without the expectation that they must first secure income.

Who is or will experience community benefit?

CASA Rental:

- 72 households living at 60% AMI or below who will apply for and secure one of the new affordable rental units. Due to our nation's history of government-sponsored and de facto racism, the population of people living at 60% AMI and below are disproportionately BIPOC. Subsequently, we would expect a large percentage of those approved for the affordable rental units to also be BIPOC (so long as CASA markets the opportunity equitably).
- The surrounding area, who will benefit from greater diversity in housing types, income, and experiences in their community.
- CASA, who would benefit by having these funds available to support their projects. It would allow them to continue their mission of "ending homelessness through affordable housing," via the creation of more affordable housing units. Successful leveraging of the funds and completion of the project could also be used as evidence for CASA's future funding applications.
- Orange County as a whole, who will benefit from the increase in affordable rental units, thus decreasing housing insecurity and/or literal homelessness in our county. This would contribute to the creation of a community where everyone has the resources and support they need to live a happy and healthy life.

OCPEH Tenant-Based Rental Assistance:

- 15 households currently experiencing homelessness, who will receive necessary rental assistance to secure and maintain housing. Due to our nation's history of government-sponsored and de facto racism, the population of people experiencing homelessness in our community is over 50% Black. Subsequently, we would expect Black residents to make up a large percentage of program participants (so long as OCPEH markets the program equitably).
- OCPEH, who would benefit by having these funds available to support their project. It would allow them to carry out their mission and serve people in need of securing and maintaining affordable rental housing, through a Housing First approach. Successful leveraging of the funds could also be used as evidence for OCPEH's future funding applications.
- Orange County as a whole, who will benefit from the increase in households who are permanently housed, thus decreasing literal homelessness in our county. This would contribute to the creation of a community where everyone has the resources and support they need to live a happy and healthy life.

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



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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. Inequity also continues as the culture of these racist legal codes persists long after the abolition of such codes. For our department's work specifically, this history and modern context have set the stage for our current reality: a county where over 50% of those experiencing homelessness are Black, despite Black residents making up only 12% of the population.

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

If funding were approved, then all HOME funds 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/or support residents making 60% or below the AMI.

CASA Rental:

- Possibly negative:
 - Many eligible applicants will take the time and resources to apply for this affordable housing opportunity with high hopes and will not be approved for a unit. Many people, especially BIPOC residents, already feel that their housing needs are not heard or prioritized, and this experience could further contribute to that negative feeling.
 - Surrounding communities may face construction noise and debris.
 - New residents could face financial struggles in paying for moving costs. Regardless of if a unit is affordable or not, initial moving costs are always much more expensive than normal rent.
- Possibly positive:
 - Increasing diversity of income, housing, and experience in the area could lead to greater diversity in business development opportunities in the immediate area.

OCPEH Tenant-Based Rental Assistance

- Possibly negative:
 - Successful applicants will most likely have to divulge traumatic personal information, especially when they begin working with other supportive services through the program. This can be overwhelming with the other stressors those experiencing homelessness face daily. This will have a disproportionate impact on communities of color, specifically Black residents, as the population of people experiencing homelessness in our community is over 50% Black.
 - There will inevitably be many eligible applicants who are denied because of capacity constraints. This will take time and resources out of their days that could be spent focusing on survival or pursuing other opportunities. This could also further contribute to the feeling that their housing needs are not heard or prioritized. Additionally, this will have a disproportionate impact on communities of color, specifically Black residents, as



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the population of people experiencing homelessness in our community is over 50% Black.

- Intensive case management is required, which could result in capacity and bandwidth being taken from other OCPEH initiatives.
- Possibly positive:
 - Tenants will be connected to an array of supportive services for future social service needs.

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, the HOME Investment Partnership Program may need to reallocate and obligate the remaining funds.

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.