

Wealth Building and Financial Health of Habitat Homeowners

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Understanding how well our homeowners build wealth and gauging their financial health are important elements to consider when assessing Habitat's positive influence on the lives of partner families. To assess the ministry's effect on these factors for Habitat homeowners, HFHI partnered with Washington University in St. Louis to:

- Measure wealth building and financial health among Habitat homeowners.
- Identify factors and best practices across the HFHI network that accelerate wealth building and improve financial health for Habitat homeowners.

This project compares Habitat homeowners to non-Habitat homeowners and renters with low income by analyzing information from surveys and interviews of homeowners and renters along with data from Equifax, one of the three credit bureaus.

Key Findings

1. Even when Habitat homeowners miss a mortgage payment, they are **56% less likely to lose their homes to foreclosure** than similar non-Habitat neighbors. When affiliates originate mortgages in-house, this risk is lowered even further.
2. On average, Habitat homeowners' **credit scores increase by 22 points** relative to their neighbors. Credit improvements begin before purchase, driven by Habitat's pre-purchase education and counseling. Gains then compound with tenure and peak in the eighth year of homeownership when credit scores increase by 43 points.
3. On average, Habitat homeowners **accumulate \$1,800 more in liquid assets** (e.g., savings) than comparable neighbors. Growth builds over time and reaches \$4,400 more by the sixth year of homeownership. These gains are especially pronounced for Black homeowners who accumulate \$3,100 more in

liquid assets on average and nearly \$8,000 more by the sixth year of homeownership.

4. Habitat's zero- and low-interest mortgage models enable rapid, compounding housing equity growth from day one, often **reaching 2.6 times the purchase value over a 30-year period**. Features like forgivable loans and shared appreciation mortgages also increase early returns and maintain long-term wealth outcomes.
5. Homeowners describe a boundary between achieving stability and building wealth, but **with ongoing support from affiliates, homeowners gain financial confidence, actively save, and build wealth**.
6. Habitat homeowners report significantly **higher levels of satisfaction with their home, satisfaction with their life, and optimism about their future** than their comparable non-Habitat households.
7. From the Habitat homeowner's perspective, the goal of building wealth is intergenerational — **having the opportunity to leave something behind for their children and break cycles of instability**.

The findings are clear: Habitat's model consistently supports long-term wealth building for homeowners and their families. By pairing affordable mortgages with targeted financial support, Habitat fosters the stability homeowners need to save, build wealth, and leave a foundation for the next generation.