

# The North Carolina Institute of Minority Economic Development



NCIMED 1  
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## Maintaining Your Homeownership Wealth



*Andrea L. Harris, President*

## The Institute Who We Are

### About the Institute

The North Carolina Institute of Minority Economic Development (“The Institute”) is a statewide nonprofit organization. The Institute works to build the asset base of underutilized and undeveloped populations through economic development strategies that build businesses and sustain institutions vital to vibrant communities. Since inception in 1986, the Institute has published more than 15 studies/reports. Over the past five years (2004-2009) its business development clients have realized more than \$225 million in contracts and financial transactions.



# What is “home equity”?

- Difference between what is owed on a home and what the home is worth
- Example:
  - Home bought 10 years ago for \$80,000. Now worth \$100,000.
  - Original loan was for \$70,000, still owe \$60,000.
  - Home equity = ?

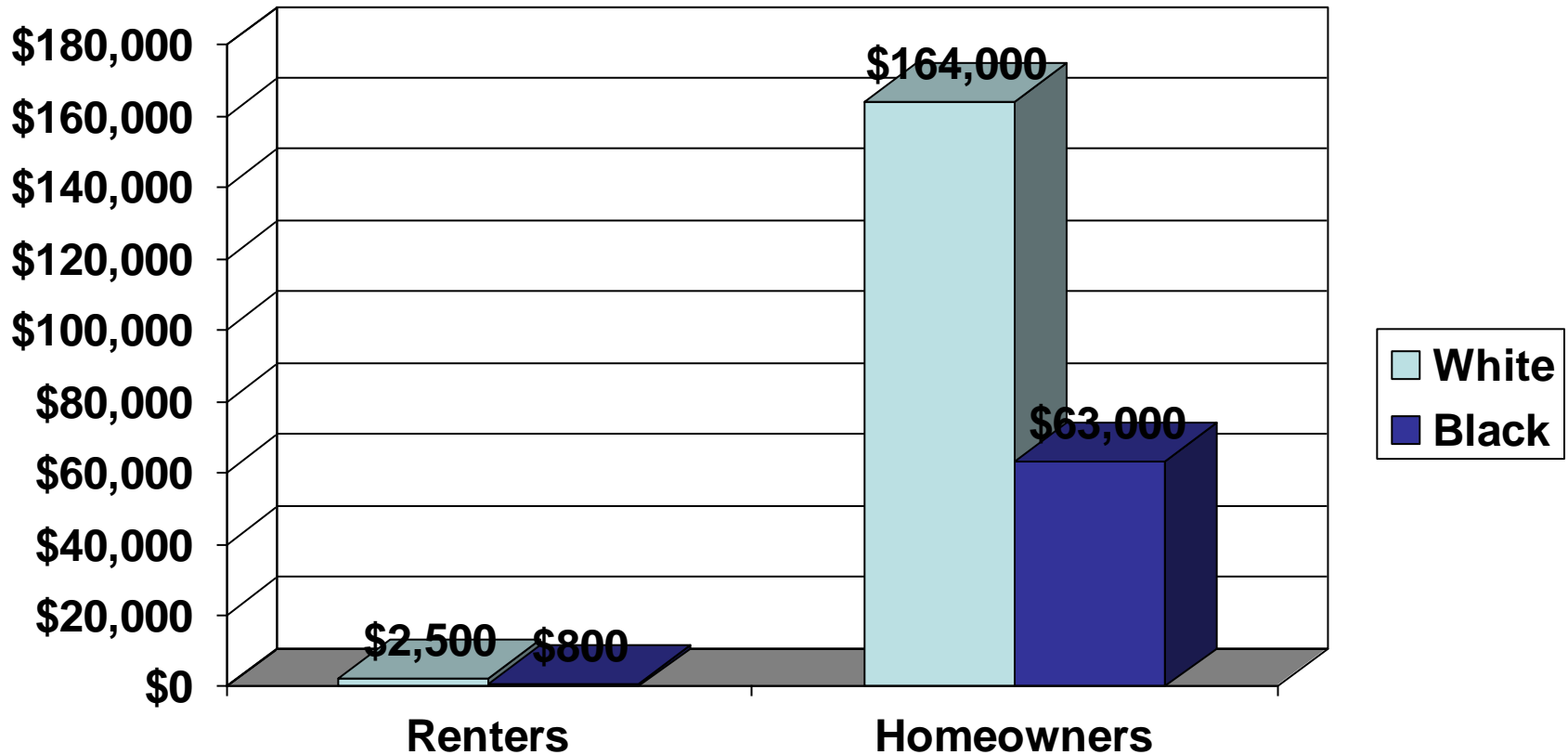


# Why is home equity important?

- Most people's largest asset is their home equity.
- This equity is used by families for many important purposes:
  - send children to college
  - start new businesses
  - get through crises such as job loss or illness
  - transfer wealth to next generation



# Wealth by Tenure

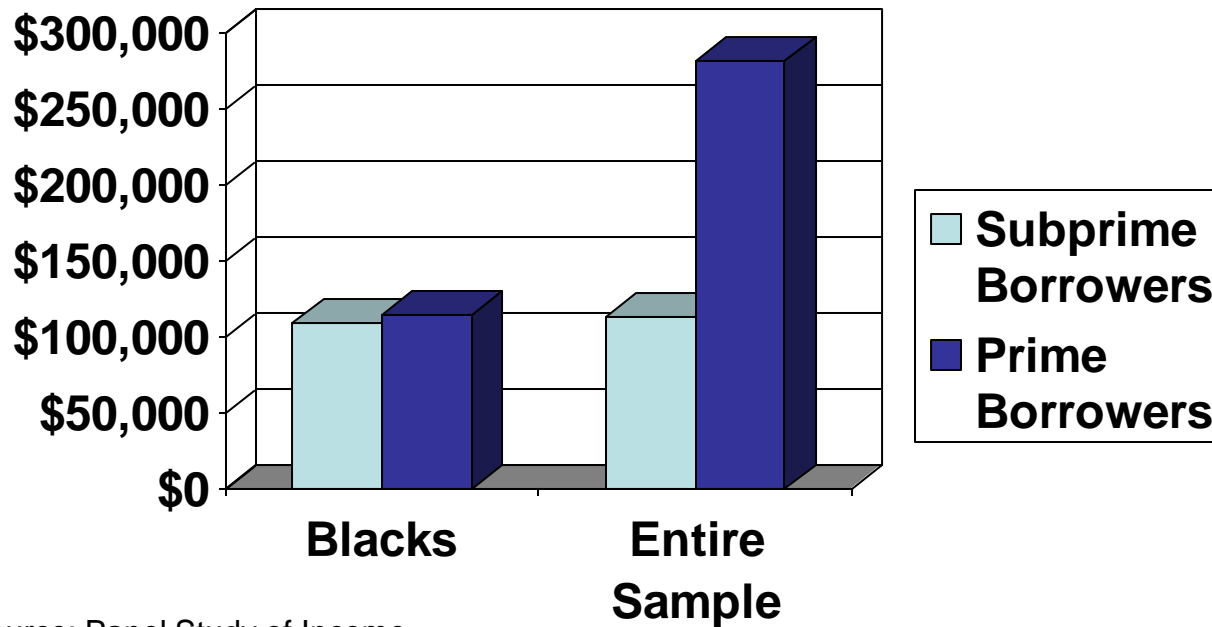


Source: Panel Study of Income Dynamics



# Differences between Prime and Subprime Borrowers by Race

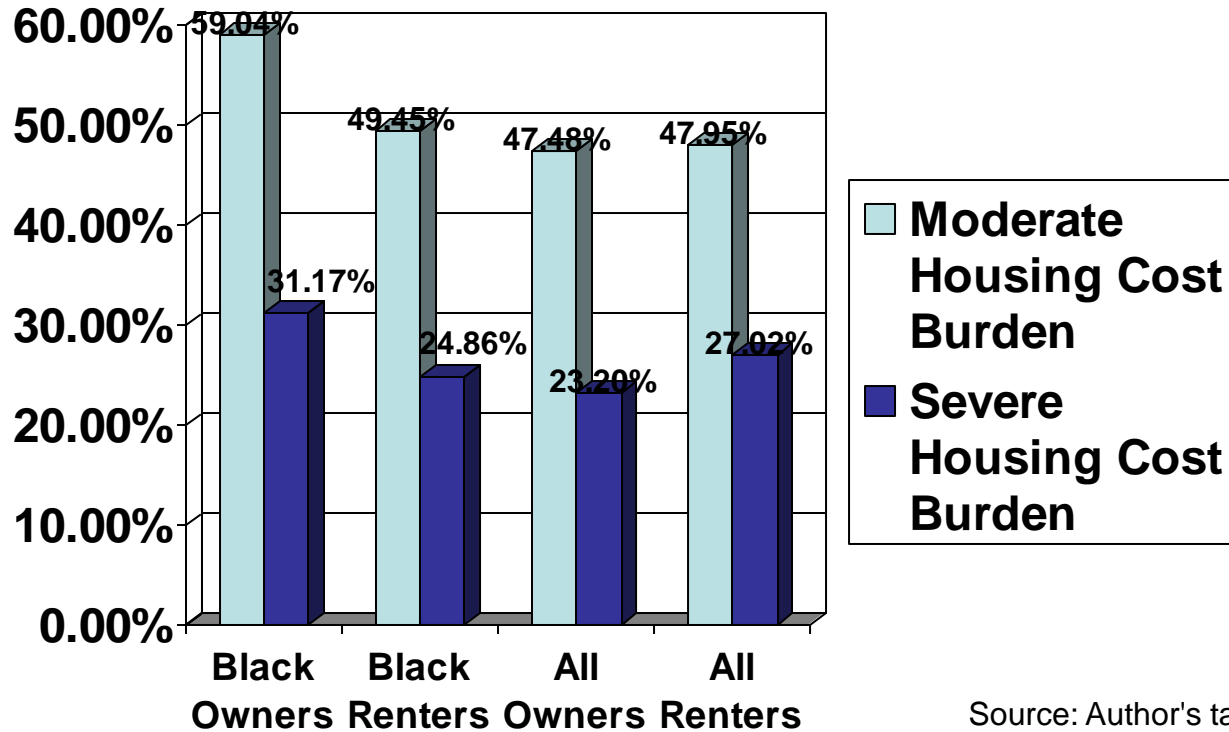
## Wealth and Subprime Borrowers



Source: Panel Study of Income Dynamics



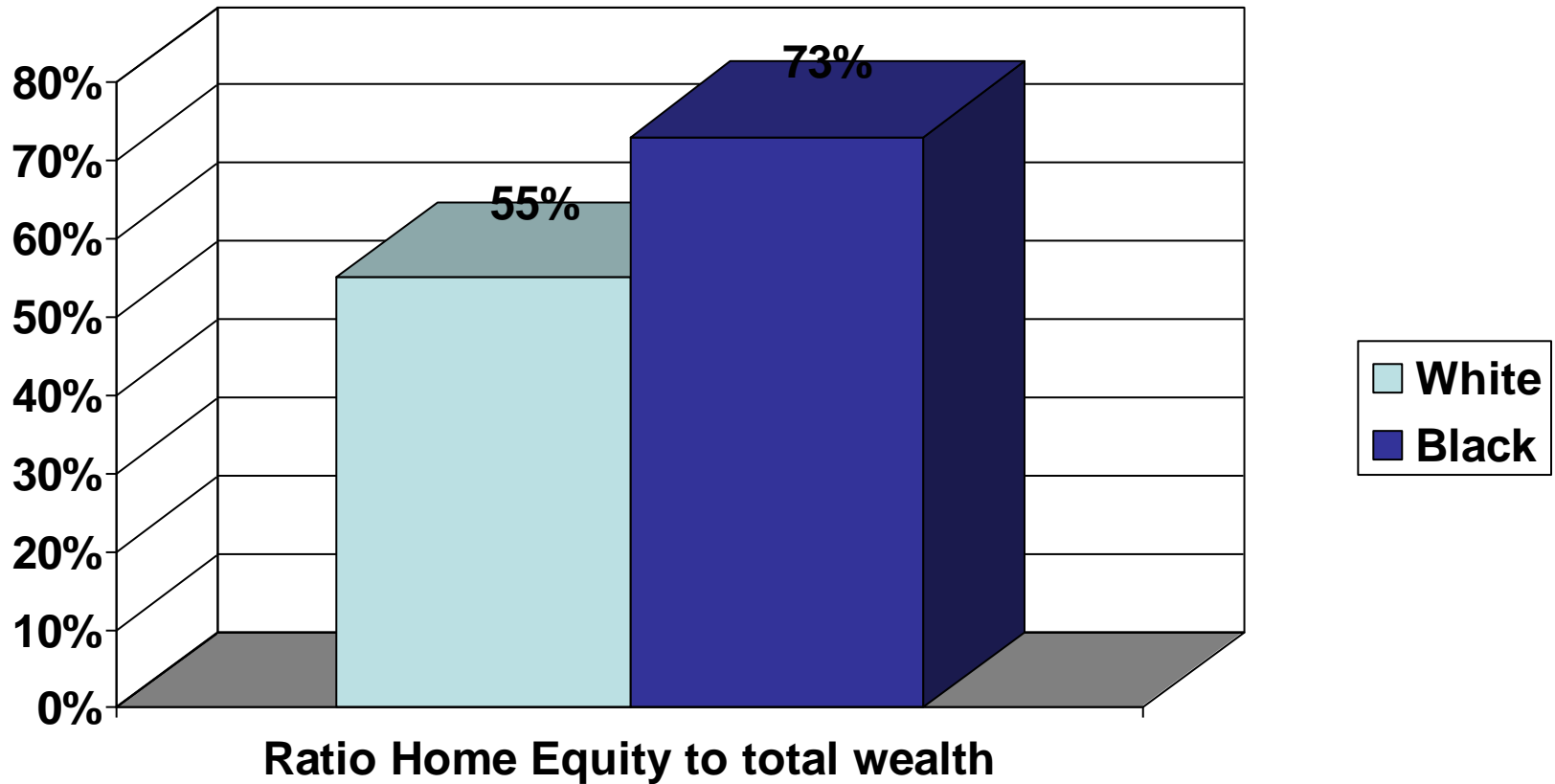
# Housing Cost Burdens among Moderate Income Households



Source: Author's tabulation of 2008 American Community Survey



# Home Equity as a Percentage of Total Wealth



Source: Panel Study of Income Dynamics



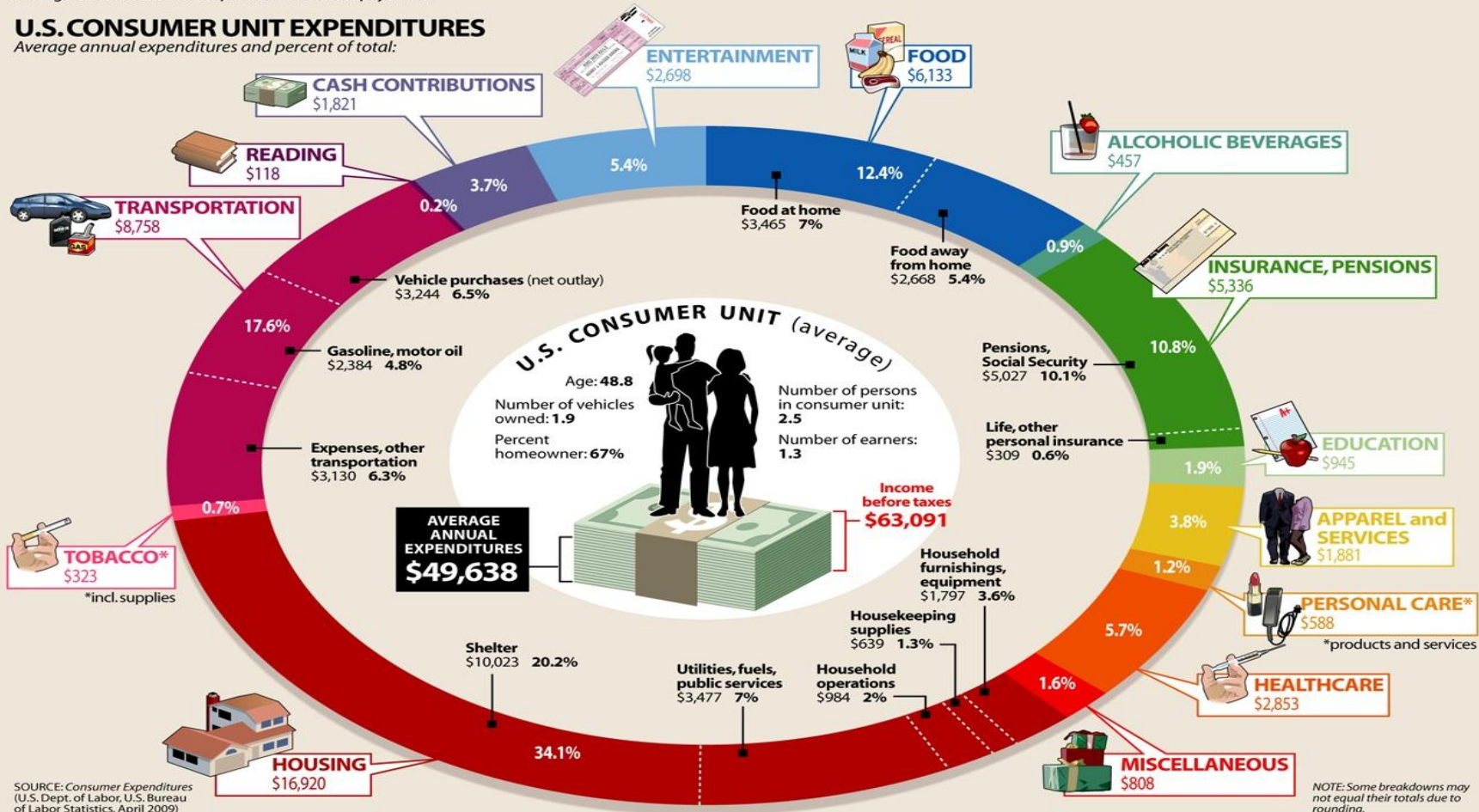
# What the Average American Consumer is Asking

## Where Does the Money Go?

The Department of Labor's latest survey provides a detailed look into how the average U.S. consumer unit spends their annual paycheck.

### U.S. CONSUMER UNIT EXPENDITURES

Average annual expenditures and percent of total:



# Tax Planning

- Income Tax Deductions
- Interest
- Keeping Records
- Tax benefits are just one more advantage of owning your home instead of renting.



# Routine Maintenance

- Regular maintenance helps you keep a lid on energy costs and avoid expensive repairs in the future.
- Regular maintenance helps maintain the value of your most important investment.

# Energy Conservation

- Set your thermostat on 65° in the winter and 78° in the summer.
- Close off unused rooms.
- Keep the fireplace damper closed when not in use.
- Insulate pipes and ducts.
- Check the air filter on your air conditioner once a month.
- Clean the air conditioning or heat pump condenser to make sure it is free of dirt or leaves.
- Have your heating & air conditioning units serviced at least once a year.
- Check your wall thermostat to make sure it is not clogged with dust.
- Use foil-faced reflectors behind radiators to get the most heat for your money.
- Insulate the hot water heater – check with your utility company.
- Ask your electric company about the peak load management program.

Source: A Guide to Homeownership, Fannie Mae

# Home Maintenance Checklist

Seasons	Immediate Money Savers	Eventual Money Savers
Outside (Fall)	<ul style="list-style-type: none"><li>•Check all weather stripping &amp; Caulking around windows and doors.</li><li>•Remove window air conditioner(s)</li></ul>	
Inside (Fall)		
Outside (Spring)		
Inside (Spring)		

*Building Economically Vibrant and Socially Responsible Communities through Research and Information, Education and Training, and Business Development*

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