



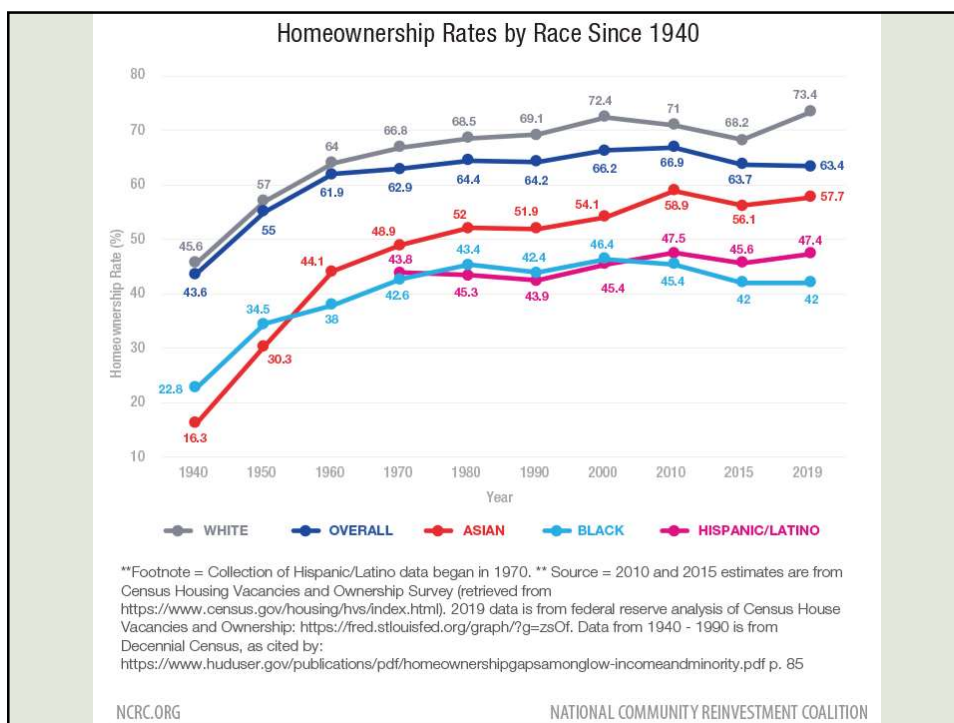
Racial Disparities in Homeownership and Policy Remedies

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AUTHORIAL SUPPORT
N/A

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The Racial Homeownership Disparity

- Here are Q4, 2021 Homeownership Rates by Race:
 - All: 65.5 percent
 - White: 74.4 percent
 - Asian: 61.2 percent
 - Latino: 48.4 percent
 - Black: 44.1 percent
- But the disparity has gotten worse over time, not better:

	1940	1950	1960	1970	1980	1990	2000	2010	2020
Total	44%	55%	62%	63%	65%	65%	67%	65%	66%
White	46%	57%	65%	66%	69%	70%	73%	72%	75%
Black	23%	35%	38%	42%	45%	45%	47%	44%	44%
Latino			45%	44%	44%	43%	47%	47%	49%
Asian	16%	30%	44%	49%	52%	52%	54%	59%	60%
Black-white Disparity	23%	23%	27%	24%	24%	25%	26%	28%	30%



Source: <https://fred.stlouisfed.org/>

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Homeownership in California, by Race

	1940	1950	1960	1970	1980	1990	2000	2010	2019
Total	43%	54%	58%	55%	56%	56%	57%	56%	55%
White	44%	55%	60%	56%	60%	62%	65%	64%	63%
Black	32%	36%		39%	40%	36%	39%	36%	36%
Latino					42%	40%	44%	44%	44%
Asian					56%	55%	55%	57%	60%
Non-white	20%	36%	41%	47%					
Black-white Disparity	12%	19%		17%	21%	25%	26%	28%	27%

Data for 2000, 2010 and 2019 from Census and ACS



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Race & Housing

- There are many other racialized aspects to housing:
 - Disparities in home values, home value appreciation and home equity and therefore wealth
 - Disparities in appraisals
 - Disparities in property tax assessments & delinquencies
 - Disparities in credit & loan denials
 - Segregation
 - Discrimination & Steering
 - And much more.

Promoting Black Homeownership

- A broad range of organizations have called upon the government & the financial industry to support Black homeownership.
 - The Urban Institute and the National Fair Housing Alliance have made it a centerpiece of their “Keys Unlock Dreams” initiative.
 - This proposal emphasizes down payment assistance with the goal of three million new Black homeowners by 2030.
 - The National Community Reinvestment Coalition set a goal of 60 percent Black homeownership by 2040.
 - Pete Buttigieg’s “Douglass Plan” called for a new homeownership fund that would racially target families residing in formerly redlined neighborhoods.
 - Elizabeth Warren proposed a similar homeownership-promoting policy in her campaign platform targeted to low-income first-time homebuyers in formerly redlined, racially segregated neighborhoods and communities.

A Note of Caution

- Not every equity scholar is completely enthusiastic about promoting Black homeownership. As Emory law professor and tax law expert Dorothy Brown points out, in her book *The Whiteness of Wealth*, that “homeownership in America is a bad deal for most black Americans.”
- She points out that Black homeowners enjoy less equity appreciation, and that to maximize equity, Black homeseekers will probably have to purchase homes in white neighborhoods.
- Thus, even if disparities in homeownership rates were significantly reduced, disparities in home values and home equity between white and Black homeownership would still contribute to the racial wealth gap.

Race-Conscious v. Race-Targeted

- The most direct route to promoting Black or minority homeownership would be targeted policies to Black families.
- **Race-specific** or **race-targeted policies** are those that address structural racism by targeting people on the basis of their race and providing benefits or extending protections on the basis of their racial identity.
- **Race-conscious policies** are those that are designed for a racial purpose but are race-neutral (usually universalistic) in design or form.
 - Some policies, as we’ve seen, are class-based, rather than race-targeted, but are also race-conscious.
- Unfortunately, federal law (and some parts of state law) make it extremely difficult to adopt race-targeted policies. As a result, universalistic policies or proxies for race are more common.

Recommended Policies to Promote Homeownership

Policies to promote Black homeownership include:

1. discounted interest rates on mortgages and mortgage assistance,
2. down payment assistance,
3. closing costs & insurance assistance,
4. property tax abatements and relief,
5. repairs, upkeep and maintenance assistance,
6. land grants,
7. investments in Black-owned financial institutions.

Example: In their book *Moving to Integration*, Richard Sander and his coauthors have devised a detailed plan for promoting racial residential integration in a major metropolitan area. Although entire cost of their proposal is \$285 million, they estimate that a one percentage point interest rate subsidy on the first \$180,000 of a mortgage loan would only cost \$45 million while helping more than ten thousand borrowers potentially find homes.



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Race-Conscious Homeownership Programs: The Cleveland Racial Integration Incentive

- This obscure mid-1980s program provided low-interest mortgage funds for Black (and white) homebuyers.
 - Although this program's focus was racial residential integration, not necessarily Black homeownership, it helped advance that goal.
- Administered by the Ohio Housing Finance Agency, it targeted a few Cleveland suburbs.
- In 1985, the program made more than \$3 million in loans to thirty Black and nineteen white mortgagors.
- Although the program survived legal challenges, it was eventually discontinued a few years later.



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Race-Conscious Homeownership Programs: Evanston's "Reparations" Program

- The city of Evanston, a Chicago suburb, created a "reparations" fund in 2019, with the ultimate goal of distributing \$10 million in housing assistance through small grants.
- Eligibility: proving that an ancestor was a resident of Evanston who lived in the city between 1919 and 1969, or that they could have encountered housing discrimination because of city policies after 1969.
- The grants go to businesses or banks for the benefit of awardees, instead of cash payments, to avoid possible tax implications. The initial grants are intended to be used for home repairs, mortgage assistance, or down payments.



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Race-Conscious Homeownership Programs: Massachusetts Affordable Housing Alliance's (MAHA) First-Generation Homebuyer Program

- Adopted in 2020, the City of Boston provides new homebuyers up to \$5,000.
- To be eligible, first-generation homebuyers must earn below 100 percent of the Area Median Income (AMI) and contribute \$2,500 of their own money. The funds can be used toward down payment assistance and/or closing costs.
- Although not race-specific, of the 150 homebuyers in the program, 73 percent are Black and 18 percent are Latinx. Forty percent of participants are households headed by a woman, and one-third are households that identify as immigrants.



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Race-Conscious Homeownership Programs: ONE+Boston

- Another first-time homebuyer subsidy offered by the city of Boston. The goal is to create 1,000 new homeowners by the end of 2023.
- ONE+Boston offers the lowest fixed interest rates available for a 30-year mortgage (a point or 1.5 point reduction)
- It will also provides access to downpayment and closing-cost assistance.
- Eligibility is based on income & residing in the city limits.



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To Learn More, check out our new Project:



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<https://belonging.berkeley.edu/structural-racism-remedies-repository>

The screenshot shows a web browser interface with a sidebar on the left and a main content area on the right. The sidebar lists various categories: Criminal Legal System (Incarceration, Probation and Parole), Youth Justice, Education, Economic Justice, Housing and Transportation (selected), Race-Targeted, Race-Conscious, Healthcare, Public Health and Environmental Justice, Arts & Culture, and Voting Rights. The main content area is titled 'Housing and Transportation' and 'Race-Targeted'. It contains a list of four bullet points: 1. Deliver a COVID-19 relief package to remedy the housing insecurity of people of color. (NFHA) 2. Establish Presidential Commission on reparations to Black people for centuries of racist housing policies, including principal reduction and zero-interest loans to Black, Indigenous, and other people-of-color communities impacted by racist housing and land policies. (Policy Link 2021; NFHA) 3. Close the racial wealth gap by making homeownership more accessible for low-income/ wealth-poor Black communities through land grant, mortgage credit programs, tax abatement for low-income homeowners, and programs that provide down-payment assistance for first-time homebuyers. (COM, BYP100, TBI1) 4. Local, state, and federal resources should be used to support communities who have faced discriminatory practices by creating programs to protect Black families from foreclosure and rectify the credit scores for those who have faced foreclosure (BYP100) 5. The Consumer Financial Protection Bureau should investigate mortgage practices in Black communities and hold lenders accountable for significant compensatory.

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The slide features the logo of the Othering & Belonging Institute at UC Berkeley at the top. Below the logo, the text reads: 'THE STRUCTURAL RACISM REMEDIES PROJECT' followed by 'Summary'. The main body of text states: 'For the repository and analysis, this project reviewed twenty-five scholarly books, twenty-seven reports, several web-based organizational policy platforms, and virtually the entire range of materials of 2020 presidential campaigns in connection with racial equity.'

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Appendix

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Housing & the Racial Wealth Gap

- Although not true of White families, most “Black wealth” is held in housing stock, which was devastated by the 2007-8 housing crisis.
 - For whites, home equity is 43 percent of net worth, compared to 60 percent for Black Americans
- In 2016, the *average* Black household net worth was \$138,200 while White mean household net worth was \$933,700, a relative disparity of nearly 7 times.
- This disparity is skewed by a handful of extremely high wealth families, but when looking at the typical, or *median*, household, the disparity is even greater:
 - The net worth of the typical white family was pegged at \$171,000, nearly ten times greater than that of a typical Black family (\$17,150) in 2016.
- When housing is excluded, the disparity reaches its zenith, \$17,150 in typical white net worth compared to \$930 for Black families, a ratio of nearly eighteen and a half.

Source:



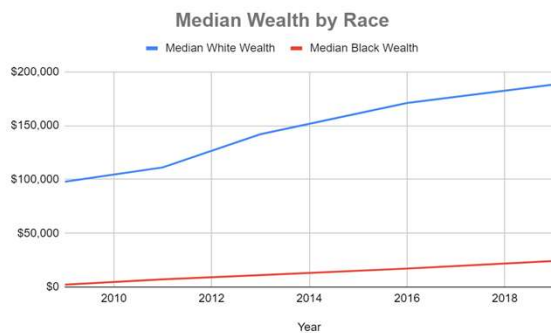
Center for Housing Equity & Belonging
Institute at UC Berkeley

https://www.researchgate.net/publication/341159895_A_subaltern_middle_class_The_case_of_the_missing_Black_bourgeoisie_in_America

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The Racial Wealth Gap (2009-2019)

Year	2009	2011	2013	2016	2019
Median White Wealth	\$97,900	\$111,146	\$142,000	\$171,000	\$188,200
Median Black Wealth	\$2,200	\$7,113	\$11,000	17,150	\$24,100
Absolute Disparity	\$95,700	\$104,033	\$131,000	\$153,850	\$164,100
Disparity Ratio	45	16	13	10	8



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