

RESEARCH REPORT

Wealth Opportunities Realized through Homeownership

Baseline Report

Michael Neal

Caitlin Young

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Corianne Scally

Lydia Lo

Jung Hyun Choi

Peter Tatian

Sonia Torres Rodríguez



ABOUT THE URBAN INSTITUTE

The Urban Institute is a nonprofit research organization that provides data and evidence to help advance upward mobility and equity. We are a trusted source for changemakers who seek to strengthen decisionmaking, create inclusive economic growth, and improve the well-being of families and communities. For more than 50 years, Urban has delivered facts that inspire solutions—and this remains our charge today.

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Executive Summary

Homeownership is a key tool for wealth building and financial stability, but many households face inequitable access to its benefits. Households headed by people of color face many economic barriers, including higher unemployment rates and less access to credit, that are rooted in historical and systemic racism and prevent them from achieving homeownership at the same rates as their white counterparts.

The Wells Fargo Foundation's Wealth Opportunities Realized through Homeownership (WORTH) initiative, created to support local efforts to eliminate these persistent disparities, supports increasing homeownership for households of color through investments in homeownership totaling \$62.25 million over five years. These funds are intended to support eight collaboratives in creating at least 5,000 new homeowners of color by 2025 in each of the following implementation markets:

- Atlanta, Georgia
- Houston, Texas
- Milwaukee, Wisconsin
- New York City, New York
- Philadelphia, Pennsylvania
- Richmond, Virginia
- Rural and tribal areas
- San Diego, California

The Urban Institute is serving as a learning and evaluation partner for tracking, understanding, and enhancing the WORTH initiative's impact in grantees' markets. Urban's role includes gathering data and reflecting with grantees on the local strategies and processes for overcoming homeownership barriers, monitoring the number of new homeowners created, and assessing how specific approaches and contextual factors contribute to outcomes.

This baseline report constitutes the first step in our evaluation process by identifying and presenting the current housing market trends and conditions that each market collaborative faces. For each market, we describe these circumstances and outcomes with quantitative data on conditions as of 2021 (the most recent available year for data) and how they have changed since 2012. Local economic indicators covered in this report include the following:

1. **Housing demand.** Housing demand indicators include the number and distribution of renter households, unemployment rates, and rent burdens, all by race and ethnicity.
2. **Housing supply.** Housing supply indicators include total listings, single-family and multifamily construction permits, and home prices.
3. **Homebuying activity.** Homebuying activity indicators include annual home sales and the share of purchase mortgage originations by race and ethnicity.
4. **Homeownership trends.** Data on homeownership trends include the share of homeowner households, average number of net new homeowners, and homeownership rates, all by race and ethnicity and comparing 2021 conditions with those from 2012.
5. **Homeownership preservation conditions.** Homeownership preservation indicators include serious delinquency and foreclosure rates, as well as the share of cost-burdened homeowners by race and ethnicity.

In addition to detailed homeownership data profiles covering the aforementioned indicators for each of the eight WORTH markets, our analysis offers the following overarching key findings:

1. In almost every market, white households have higher homeownership rates than every other racial or ethnic group. Only in New York City, Philadelphia, and San Diego County do Asian households have slightly higher or equal homeownership rates compared with white households, with all other households of color still falling below the white homeownership rate.
2. Each WORTH collaborative is using several strategies to address local homeownership disparities. Grantees' strategies for boosting homeownership for people of color include consumer outreach or awareness, homebuyer counseling, down payment or closing cost assistance, innovative mortgage products, title issue resolution, new construction, repair and renovation projects, foreclosure prevention, a streamlined homebuying process, increased diversity in the lending and real estate industries, and systems change through policy and advocacy efforts.
3. Macroeconomic forces driving market conditions, such as high interest rates and moderating home prices since 2022 as well as renewed concerns about the overall health of the economy stemming from recent bank failures have the potential to significantly dampen or thwart market collaboratives' efforts to boost homeownership rates for people of color. Collaboratives may need to adapt their strategies to focus on homeownership preservation or new homeownership creation.

TABLE ES.1

Direct Strategies Pursued by Each Collaborative

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	SD
Homebuying								
<i>Demand strategies</i>								
Consumer outreach education, support or awareness	X	X	X	X	X	X	X	X
Homebuying counseling		X	X	X	X	X	X	X
DPA and closing costs	X	X	X	X	X	X	X	X
Innovative financial products		X	X	X	X	X	X	X
Appraisal issues			X		X			
Title issues	X	X			X		X	
Affordable marketing agent/legal counsel				X		X		
<i>Supply strategies</i>								
Trad. const., modular const., etc.	X	X	X	X	X	X	X	X
Homeownership								
<i>Preservation</i>								
Repair, renovation, foreclosure prevention, tax liens	X	X	X	X	X		X	
Systems strategies								
<i>Efficient systems</i>								
Streamlining key parts of the homebuying process	X			X				X
<i>Systems change</i>								
Support or expand diversity	X	X	X		X			
Policy/advocacy and collective action efforts, including antidisplacement efforts	X	X	X	X	X	X	X	X
<i>Technology</i>								
Technology	X	X		X	X			X

Source: Urban Institute, WORTH evaluation study analysis of grantee strategies and outcome metrics.

Notes: DPA = down payment assistance. The column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, rural and tribal, and San Diego.

This report is the first step of several in our evaluation study on the WORTH initiative’s impact. As the evaluation continues, we will publish additional reports on the implementation processes employed by each collaborative as well as programmatic data and evaluation of WORTH outcomes.

Finally, we hope this report and larger initiative will serve as an example of effectively translating policy and program research into action. Significant research efforts have been dedicated to understanding both the crucial connection between homeownership and wealth building and the barriers households of color face in achieving homeownership. This investment aims to support research-backed strategies for increasing homeownership for households of color and for reducing racial disparities. As such, the results of the WORTH initiative have the potential to aid housing policymakers, researchers, consumer advocates, and practitioners to identify, assess, and evaluate the appropriate policies and practices for improving homeownership equity.

Introduction

In addition to being a stable form of housing, homeownership allows households to build wealth and strengthen their economic security. But households headed by Black people, Indigenous people, and other people of color face economic barriers, such as higher rent burdens, lower credit scores, and higher unemployment, that reduce their likelihood of achieving and sustaining homeownership (Choi et al. 2019).

These outcomes are partially rooted in a history of systemic racial and ethnic discrimination that actively denied and harmed the ability of households of color to purchase homes and, in turn, produced disparities in key homeownership determinants, including employment, income, savings, credit access, and affordable housing supply. Instances of redlining, racial covenants, exclusionary zoning, and mortgage denials have all undermined homeownership for families of color.¹

Not only did racially discriminatory acts keep households of color from achieving homeownership, they also systematically undermined the benefits of homeownership. For example, zoning practices that placed industrial sites next to Black communities or systemic errors resulting in lower-value appraisals of properties in Black communities have limited the wealth Black households can achieve from homeownership (Neal, Choi, and Walsh 2020). And instances such as the Tulsa Massacre are reminders that when Black communities created wealth, it was utterly destroyed.²

To combat these inequities and their devastating effects, the Wealth Opportunities Realized through Homeownership (WORTH) initiative supports increasing homeownership for households of color by targeting the creation of at least 5,000 new homeowners of color in each of eight implementation markets (40,000 net homeowners total) by December 2025 through a robust multisector collaborative, totaling \$62.25 million of investments over five years.³

How the WORTH Program Seeks to Combat Structural Racism in Homeownership

Through the WORTH initiative, eight “collaboratives” focused on homeownership for households of color in specific geographic markets receive \$7.5 million each (box 1). These implementation grants will support new programs and enhance existing programs and core organizational activities of collaborative members, as well as support policy development, advocacy, community and consumer

engagement, communications, research, and other activities to help households of color achieve and preserve homeownership, with the prospect of restoring wealth opportunities for households of color through this vehicle.

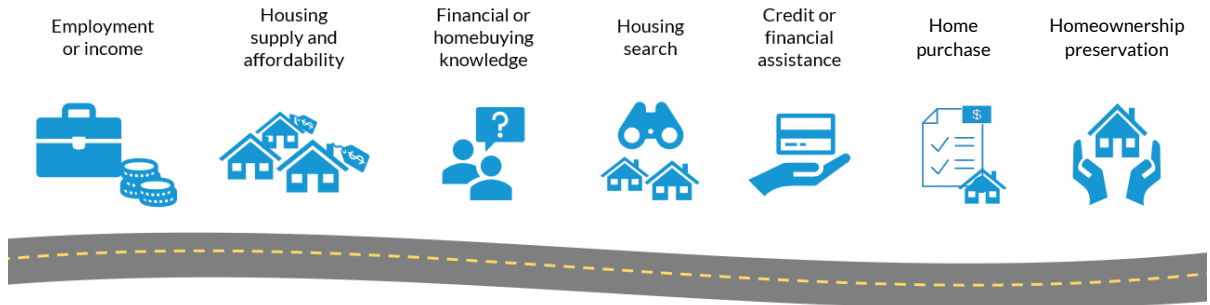
BOX 1

The Eight Collaboratives

- The Atlanta collaborative will implement strategies to boost homeownership for households of color in the Atlanta-Sandy Springs-Alpharetta metropolitan statistical area.
 - The Houston collaborative will implement strategies to boost homeownership for households of color in Harris County, which includes Houston.
 - The Milwaukee collaborative will implement strategies to boost homeownership for households of color in the city of Milwaukee, Wisconsin.
 - The New York collaborative will implement strategies to boost homeownership for households of color in New York City.
 - The Philadelphia collaborative will implement strategies to boost homeownership for households of color in Philadelphia.
 - The Richmond collaborative will implement strategies to boost homeownership for households of color in Richmond, Virginia.
 - The San Diego collaborative will implement strategies to boost homeownership for households of color in San Diego County, which includes the city of San Diego.
 - The rural and tribal collaborative is a unique partnership of nonprofits targeting rural and Indigenous people living in rural communities across 244 counties and 18 states. The counties and associated states are listed in the appendix.
-

FIGURE 1

Simplified Causal Pathway of Factors Influencing the Ability of a Homebuyer of Color to Purchase a Home and Preserve Homeownership



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The collaboratives recognize that all these strategies are needed. Specifically, they have identified specific strategies targeting the creation of 5,000 new homeowners of color. These strategies span demand- and supply-side homebuying strategies, homeownership preservation, and broad systems strategies covering both greater efficiency and broader systems change. Some collaboratives are also developing new technology to improve data capture.

TABLE 1

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	ATL	HOU	MIL	NYC	PHI	RIC	R/T	SD
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Consumer outreach education, support or awareness	X	X	X	X	X	X	X	X
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DPA and closing costs	X	X	X	X	X	X	X	X
Innovative financial products		X	X	X	X	X	X	X
Appraisal issues			X		X			
Title issues	X	X			X		X	
Affordable marketing agent/legal counsel				X		X		
<i>Supply strategies</i>								
Trad. const., modular const., etc.	X	X	X	X	X	X	X	X
Homeownership								
<i>Preservation</i>								
Repair, renovation, foreclosure prevention, tax liens	X	X	X	X	X		X	
Systems strategies								
<i>Efficient systems</i>								
Streamlining key parts of the homebuying process	X			X				X
<i>Systems change</i>								
Support or expand diversity	X	X	X		X			
Policy/advocacy and collective action efforts, including antidisplacement efforts	X	X	X	X	X	X	X	X
<i>Technology</i>								
Technology	X	X		X	X			X

Source: Urban Institute, WORTH evaluation study analysis of grantee strategies and outcome metrics.

Notes: DPA = down payment assistance. The column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, rural and tribal, and San Diego.

The Urban Institute's Role

The Urban Institute will adopt various evaluation strategies to assess innovative approaches and local processes to overcoming homeownership barriers, monitor the number of new homeowners created, evaluate how specific approaches and contextual factors contribute to observed outcomes, and enhance impacts by sharing findings nationally. These evaluation strategies will include a process study, an outcome evaluation, and an impact evaluation (box 2).

BOX 2

Evaluation Strategies

The process study will qualitatively track how collaboratives implement wide-ranging strategies within diverse local markets, documenting the approaches, partnerships, policy environments, and systems change targets, barriers, and successes to creating 5,000 net positive homeowners of color within each market. We will evaluate how well collaboratives target and leverage policies, practices, resources, relationships, power dynamics, and individual perceptions to meet their goals and remove barriers to homeownership for people of color.

The outcome evaluation will allow us to track grantee progress toward program goals. We will do this work by analyzing two datasets. The first dataset will come from collaboratives' performance data that track their outputs and outcomes for individuals and programs. The second will come from public and proprietary market-level data measuring housing and macroeconomic conditions most related to homebuying and preservation for households of color.

The impact evaluation will estimate how much the strategies implemented by the grantees, or some part of those strategies, directly produced a change in homeownership among households of color. The impact evaluation will cover one or two markets. The impact evaluation will seek to provide a quantitative and causal estimate of the initiative's impact.

The Baseline Report

This baseline report describes the market conditions and trends the collaboratives face in their local markets as they endeavor to create 5,000 new homeowners of color, providing critical context under which collaboratives' strategies will be executed. The report may also illustrate local trends that might challenge strategy implementation. And as an input into the future process study and impact study, it will also help inform the impact of WORTH assistance on collaboratives' programmatic results.

This baseline report describes local housing market conditions and outcomes in each of the eight markets separately, providing a quantitative data snapshot of both current conditions and how conditions have changed from 2012 to 2021 (box 3). Typically, the report covers key local trends in housing demand, for-sale housing supply, home prices, and homeownership. It also documents key indicators of housing preservation. Box 3 highlights the indicators discussed in each collaborative's market and briefly describes why it is important for expanding or preserving homeownership among households of color.

BOX 3

Evaluation Strategies

Homebuying Demand

Number and percentage distribution of renter households, by race and ethnicity. Area renter households will be a key source of new homeowners under the WORTH investment.

Unemployment rates market-wide, by tenure, race, and ethnicity. Labor market conditions reflect the broader macroeconomy and are a critical component of homebuyer demand.

Renter median income and share of rent-burdened households, by race and ethnicity. A high rent burden limits a household's ability to achieve homeownership. When rents account for a large proportion of a household's income, they prevent households from amassing the financial resources they need to purchase a home.

Housing Supply and House Prices

Total listings of homes for sale and single-family and multifamily residential construction permits. The availability of homes for purchase is critical for boosting homeownership.

House price index. The pace of house price increases often reflects the interaction of supply and demand or the value of home improvements. Higher prices reduce affordability but can motivate preservation of existing homes. Low prices improve affordability but deter preservation.

Home Purchases and Homeownership

Home sales. The pace of home sales is critical for assessing homeownership. More home sales suggest that homeownership conditions have improved.

Share of purchase mortgages, by race and ethnicity. Homebuyers, especially homebuyers of color, often need a mortgage to purchase a home. An increase in purchase mortgages indicates that more prospective homebuyers can purchase a home. In addition, racial disparities in purchase mortgages suggest differences in the ease of obtaining a mortgage to purchase a home and suggest less capital is going to people or communities of color.

Share of homeowner households, by race and ethnicity. The distribution of homeowners by race or ethnicity provides a snapshot of racial disparities in homeownership.

Average annual net homeowners, by race and ethnicity, 2012 to 2021. Changes in the annual share of homeowners by race and ethnicity signify the market's past performance and trends in creating homeowners of color over the baseline window. This metric accounts for households that became homeowners and those that lost homeownership. It also includes those who moved into the market, independent of their tenure before moving. Meanwhile, the number of new homeowners created with WORTH assistance will include new homeowners, including those who may have moved into the area and purchased a home, as well as those whose homeownership was preserved. But new homeowners will exclude homeowners living outside a market who then purchased a home inside a collaborative's market.

Homeownership rates, by race and ethnicity. Over time, strategies targeting more homeowners of color should raise the homeownership rate.

Homeownership Preservation

Ninety-day mortgage delinquency and foreclosure rates. Serious delinquency rates signal the risk of homeownership loss, while foreclosure rates communicate the share of homeowners that have lost their home.

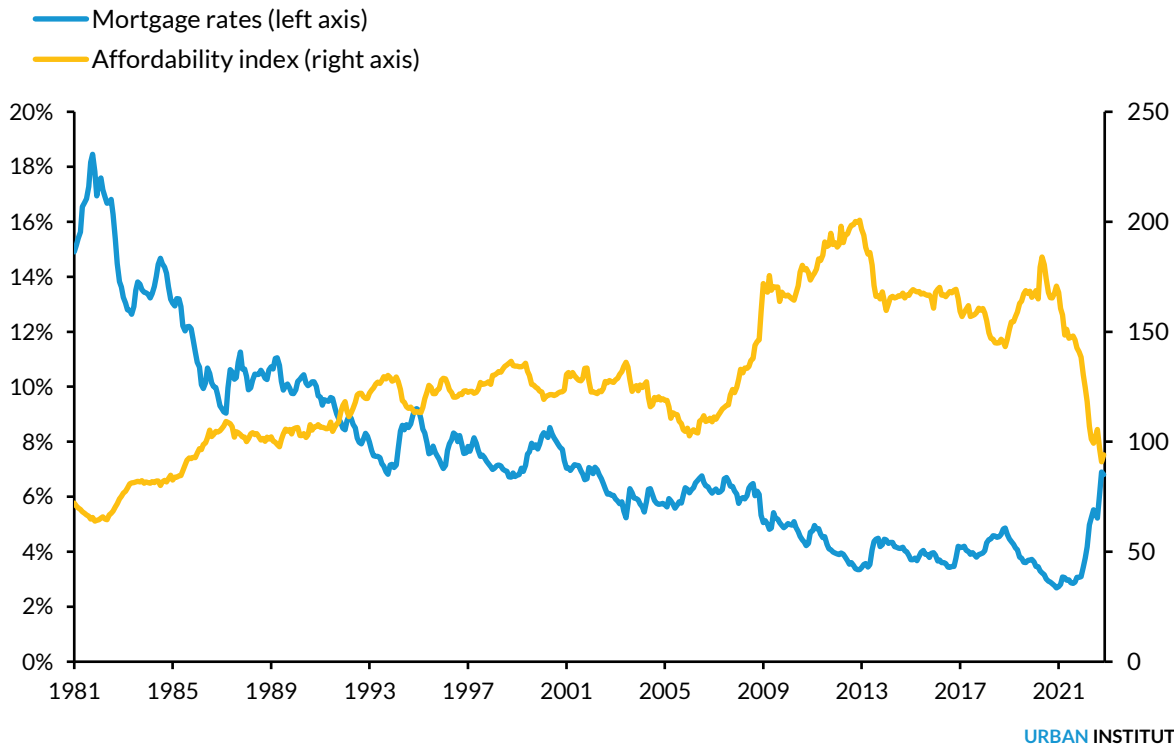
Share of cost-burdened homeowners, by race and ethnicity. A higher cost burden among homeowners makes them more susceptible to losing homeownership in the face of job loss or sharp home price changes.

Current National Context

Since the announcement of the WORTH initiative in 2022, interest rates have risen significantly, altering housing conditions dramatically. Amid elevated inflation, largely reflecting global imbalances in supply and demand, mortgage rates spiked (figure 2). And home prices remain elevated.

FIGURE 2

Mortgage Rates and Homebuyer Affordability



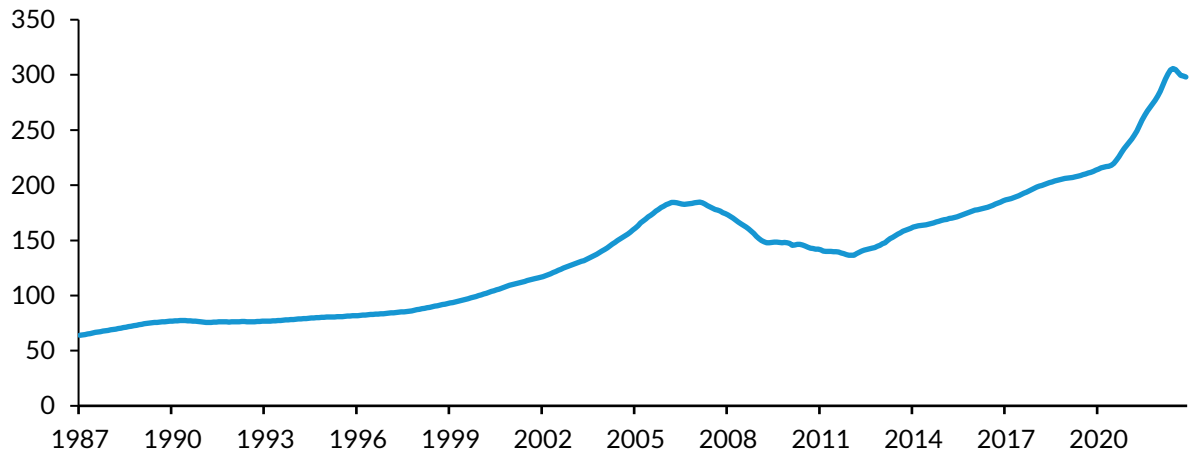
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Sources: Freddie Mac and National Association of Realtors.

A combination of higher mortgage rates and home prices have offset income growth and reduced homebuying affordability (Goodman et al. 2023). In response, the pace of home sales nationwide in 2022 weakened (Goodman et al. 2023, 6).

But following a recovery from the housing bust that sent home prices soaring, particularly, and surprisingly, during the pandemic, home prices are beginning to soften, declining monthly nationwide (figure 3). Although interest rates are largely determined by national and international factors, home prices can still reflect local housing dynamics (Neal and Pang 2022).⁴ But consistent with trends in the aftermath of the housing bust, each market’s baseline report for which data are available shows a similar moderation in home prices.⁵ The weakness in home prices has important implications for homeownership and for preservation because it can place a homeowner in a position where the home’s value lags the total debt collateralized by the home. This “negative equity” position, in turn, may contribute to worsening mortgage performance (Foote, Gerardi, and Willen 2008). In response, lenders may tighten mortgage standards.⁶ At the same time, all else equal, lower home prices may partially offset higher mortgage rates, making homeownership more affordable.

FIGURE 3
House Price Index



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Source: S&P/Case-Shiller.

At the same time, the risk of a recession has risen in recent months, heightened by tumult in the banking sector.⁷ Challenges that affected Silicon Valley Bank, First Republic Bank, and the industry more broadly pose grave concern for the overall economy, including the housing industry. Even if mortgage rates were to fall in response to weakening economic fundamentals, lending standards are likely to tighten.⁸ And this could choke economic activity throughout the economy. In the housing industry specifically, tighter lending standards could ensure and limit the ability of households of color to obtain a mortgage.⁹

Historically, households of color have been disproportionately harmed by macroeconomic and housing market declines, reflecting both the initial impact of these shocks and a slower recovery from them. At the same time, current market conditions may also challenge collaboratives' strategies. How collaboratives adjust to the evolving economic environment will provide valuable insights into future projects targeting homeownership among households of color.

Baseline Trends

The eight collaboratives appear to face common themes across each of their markets. On the demand side, unemployment rates are low, though they remain higher for Black and Hispanic households than for white households. But a larger share of renter households of color are rent burdened. On the supply

side, the pace of intended single-family construction in most markets remains below housing boom levels from 2003 to 2007, even if they have improved over the 10-year baseline window.

Homeownership rates for households of color are below that of white households in most markets. In all eight markets, Black households, Hispanic households, Native American and Alaska Native households, multiracial households, and households of other races all have homeownership rates less than white households. But in the New York City, San Diego County, and Philadelphia markets, Asian homeownership rates are on par with or greater than the rates for white households. And though foreclosure rates remain low, homeowners of color are more likely than white homeowners to be cost burdened.

There are also key differences among renter households, which represent a key source of new homeowners. For example, Hispanic households account for the largest share of renter households in Houston and New York City. Black renter households represent the largest share in Philadelphia, Richmond, and Atlanta. In the San Diego, Milwaukee, and rural markets, white renter households represent the largest proportion of renter households. In San Diego and the rural market, Hispanic households are the largest proportion of renters of color, while Black renter households are the largest share of Milwaukee renters of color. Across the WORTH rural market, white households account for the largest share of renter households.

The largest concentration of Asian renter households was in New York City and San Diego County (11 percent and 9 percent, respectively). Meanwhile, American Indian and Alaska Native households represented 2 percent of the rural market.

And the pace of net homeownership among households of color varies by market, with San Diego County, the Atlanta metropolitan statistical area, Houston, the rural and tribal market, and New York City all producing more than 5,000 net homeowners of color, on average, annually, and the cities of Milwaukee, Richmond, and Philadelphia currently below that threshold. But in New York City, the rural and tribal market, and Richmond, the average net number of Black homeowners added over the past 10 years has declined, while in all other markets, the net number has increased. In addition, the average annual change in the net number of white homeowners has decreased in Milwaukee, Houston (Harris County), San Diego County, the rural and tribal market, and Philadelphia. Although the white homeownership rates tend to exceed those of households of color, the white share of all homeowners in these markets has declined over the past decade.

Next Steps

Collaboratives are working to implement their WORTH-funded strategies and to document their progress through data collection. The following timeline provides a snapshot of key products the Urban Institute will produce documenting the progress each collaborative makes toward 5,000 new homeowners of color with the assistance of WORTH grants. The next Urban Institute report will explore the processes that collaboratives have taken to execute their strategies. And by the end of 2023, Urban will provide its first report describing the first-year outcomes from these strategies, followed by annual reports during and after WORTH initiative implementation:

1. Year 1 implementation report on process and program outcomes: Winter 2023
2. Year 2 implementation report on process and program outcomes: Winter 2024
3. Year 3 implementation report on process and program outcomes: Winter 2025
4. Final implementation report on process and programs outcomes: Fall 2026
5. Impact study: Winter 2026

Atlanta

Homeownership is critical for wealth building and housing stability. The Atlanta collaborative covers five counties in Atlanta, which are Clayton, Cobb, DeKalb, Fulton, and Gwinnett, or the Atlanta metro. But overall, households of color living in the Atlanta metro are less likely relative to white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among each nonwhite racial or ethnic group.

Several factors contribute to these homeownership disparities. Senior homeowners of color are more likely to be cost burdened, partly reflecting the greater likelihood that they hold a mortgage. Homeowners with high cost burdens may be more susceptible to losing their homes. And this may inform the collaborative’s strategy targeting homeownership preservation for seniors of color.

TABLE 2
Homeownership Rate and Number of Households, by Tenure, Race, and Ethnicity, in the Atlanta Metro

	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Homeownership rate	66%	50%	50%	75%	52%
Number of homeowner households	69,968	284,061	71,196	435,656	33,784
Number of renter households	35,401	288,161	70,225	143,467	31,772

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 15 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

BOX 4

The Atlanta Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the Atlanta collaborative has set out several strategies to boost the net number of new homeowners of color by the end of 2025. These strategies include the following:

- Leverage an integrative ecosystem of local builders, nonprofit developers, and large market producers of color to address the lack of housing supply.
- Invest capital resources for homeownership production, and leverage the philanthropic community in parallel paths to maximize impact.
- Coordinate industry resources to streamline the homebuying process for households of color through the Atlanta BIPOC Homeowner HUB.^a This coordination includes quantifying existing down payment assistance programs and connecting them to mortgage-ready buyers, providing other homebuying services, and coordinating industry stakeholders for mutual accountability to BIPOC homeownership goals.
- Invest in the BIPOC real estate industry to increase representation of people of color and expand diversity, equity, and inclusion practices.
- Preserve homeownership for seniors of color and other at-risk populations by leading advocacy efforts to address tax burdens and title challenges for homeowners of color, support targeted antidisplacement tax relief fund efforts, equitably deploy federal American Rescue Plan funding for mortgage assistance through the HUB, and expand homeowner rehabilitation programs for seniors.

^aBIPOC refers to Black people, Indigenous people, and other people of color.

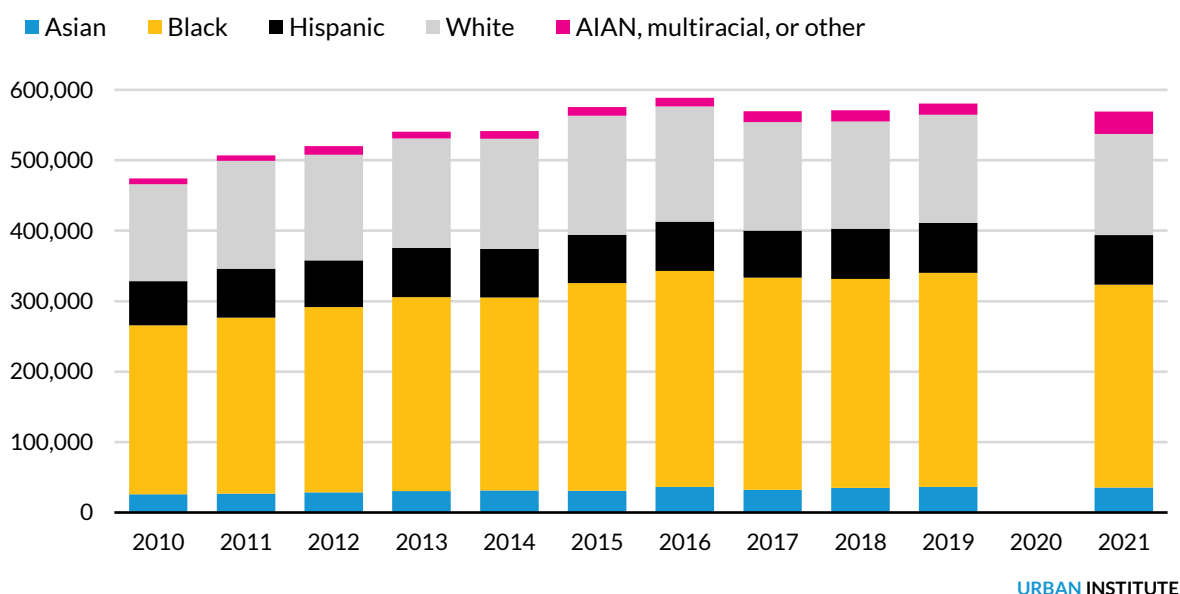
Atlanta's Baseline

What drives these disparities in homeownership rates that, in turn, necessitate the identified strategies? The baseline market analysis described below illustrates the need and the potential for the Atlanta collaborative's strategies to boost homeownership for households of color. The market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in homeownership, this analysis describes housing sustainability to provide a comprehensive picture of changes in net new homeowners.

Racial and Ethnic Demographics of Renter Households

In 2021, there were 569,026 renter households currently living in the Atlanta metropolitan statistical area (MSA) (figure 4). White households represented 25 percent of renter households, while households of color accounted for 75 percent. Black households, as measured by the household head's race or ethnicity, accounted for 51 percent of renter households, and Hispanic households represented 12 percent. Asian households and American Indian or Alaska Native households, multiracial households, and households of other races represented 6 percent of all renter households, respectively.

FIGURE 4
Number of Renter Households, by Race or Ethnicity, in the Atlanta Metro



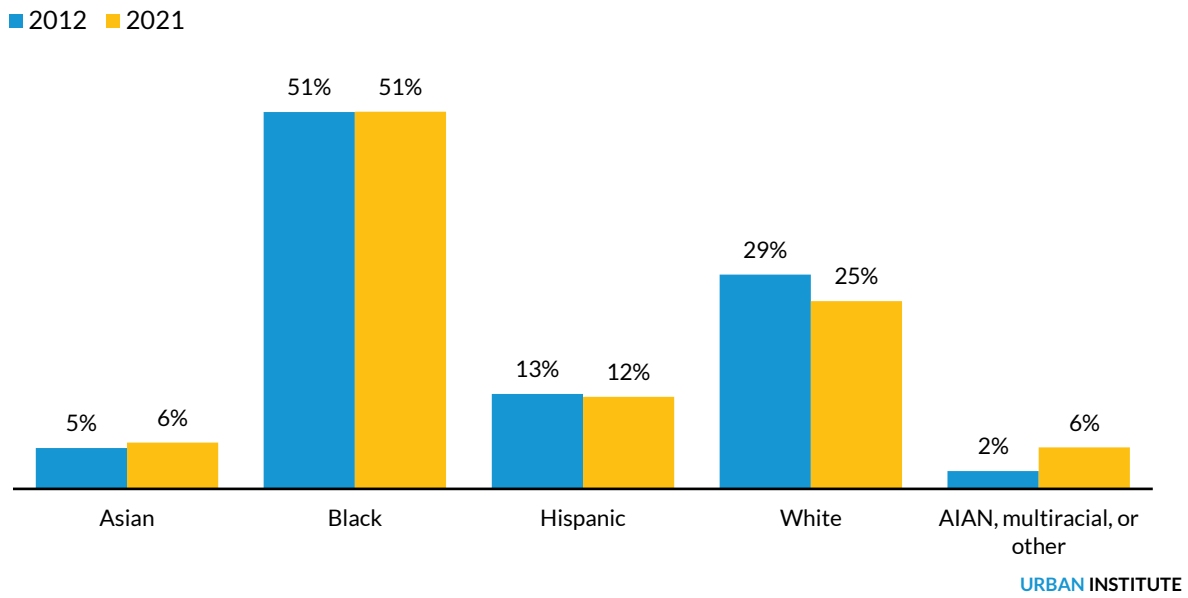
Source: 2010–21 one-year American Community Surveys.

Notes: ACS = American Community Survey. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government's ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

From 2012 to 2021, the share of white renter households declined from 29 percent to 25 percent, while the share of renter households of color increased from 71 percent to 75 percent (figure 5). The growth in renter households of color was concentrated among American Indian or Alaska Native households, multiracial households, and households of other races, whose share of all renter households rose from 2 percent to 6 percent. The proportion of Asian renter households increased from 5 percent to 6 percent. But the share of Black renter households remained unchanged while the percentage of Hispanic renter households fell from 13 percent to 12 percent.

FIGURE 5

Distribution of Renter Households, by Race or Ethnicity, in the Atlanta Metro



Source: 2012 and 2021 one-year American Community Surveys.

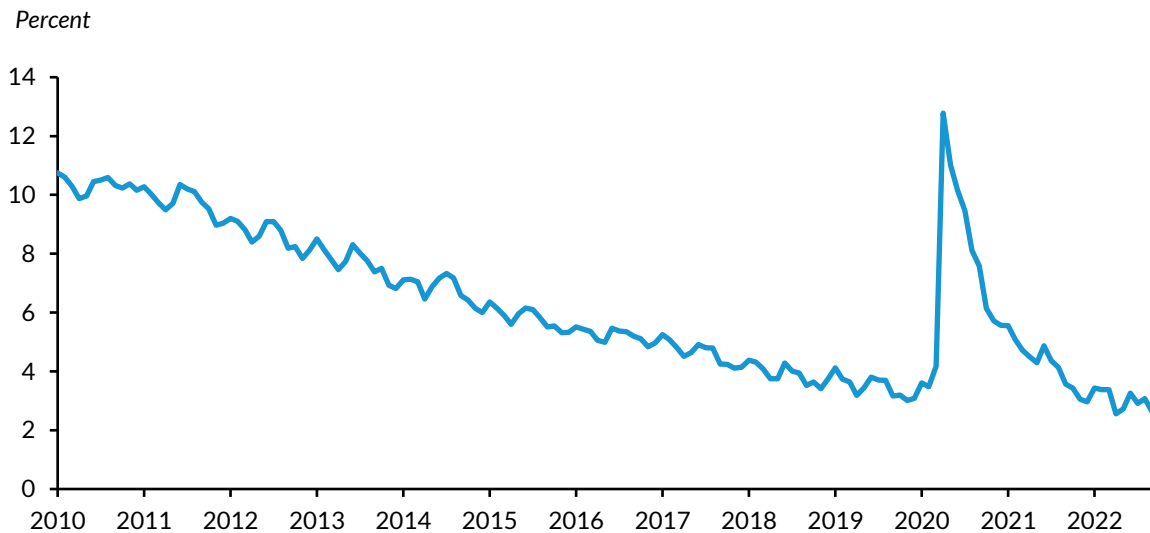
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In April 2020, at the end of the most recent recession, the unemployment rate across the Atlanta MSA peaked at 12.7 percent (figure 6). The city’s unemployment rate began to recover in June and currently sits at 2.5 percent, 0.6 percentage points below the pre-pandemic low of 3.1 percent.

FIGURE 6

Unemployment Rate in the Atlanta Metro



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Source: Bureau of Labor Statistics.

But renter households are more likely to be unemployed relative to homeowner households (table 3). And households of color have higher unemployment rates relative to white households. At the intersection of race and tenure, renters of color, excluding Asian renter households, have higher unemployment rates than white renters, while renters in each group have higher unemployment rates than their homeowner peers.

TABLE 3

Unemployment Rate, by Race, Ethnicity, and Tenure, in the Atlanta Metro

	All	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Total	5.3%	3.1%	7.7%	3.9%	3.5%	7.2%
Owner	4.5%	2.7%	6.7%	3.7%	3.3%	6.9%
Renter	6.5%	3.9%	8.7%	4.0%	3.9%	7.6%

Source: 2021 one-year American Community Survey.

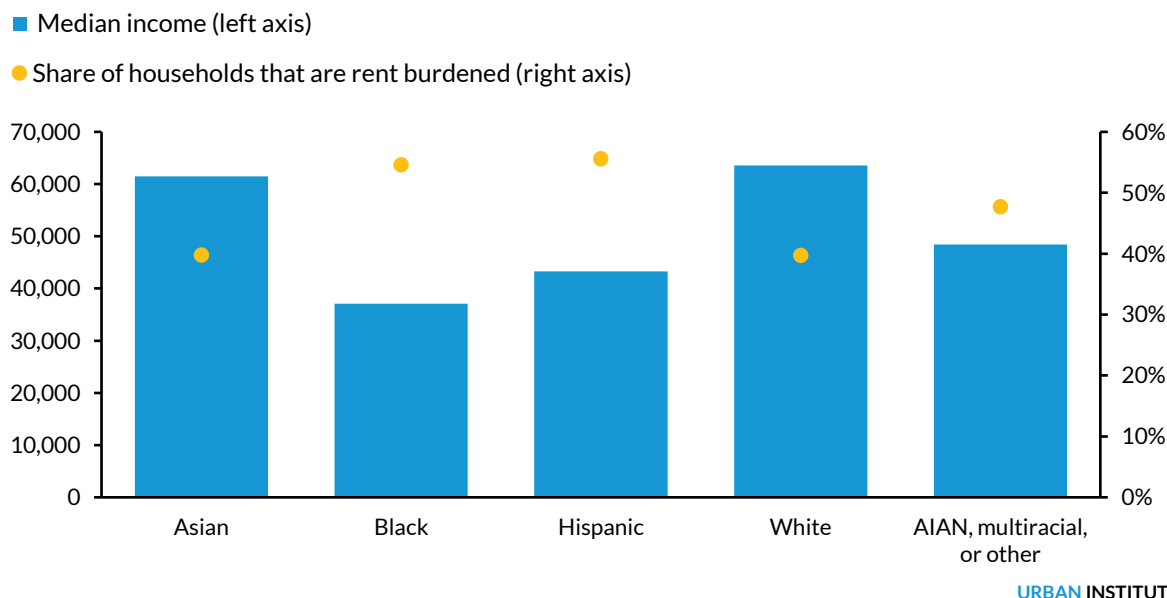
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 6 is based on the civilian population.

Rental Burden

From 2012 to 2021, median renter household income rose 47 percent to \$49,950, and median rent increased 48 percent. The share of renters paying more than 30 percent of their income on rent increased from 34 percent to 39 percent. But these numbers mask differences by race and ethnicity. Except for Asian households, the median renter household of color, on average, had a lower income relative to the median white renter household from 2016 to 2020 (figure 7). And lower household incomes for renter households of color, excluding Asian renter households, corresponded with a greater share being cost burdened.

FIGURE 7

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in the Atlanta Metro



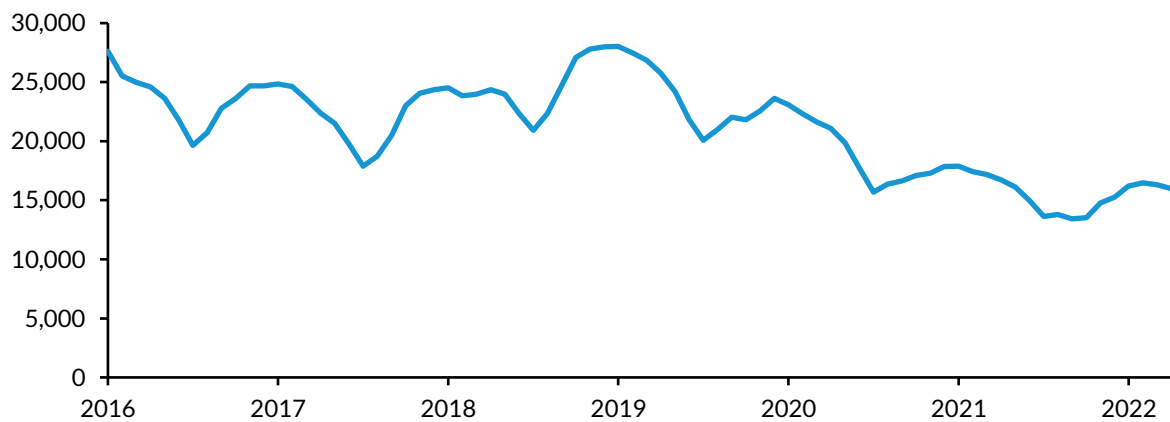
Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Housing Supply

In addition to the factors that boost housing demand, a healthy housing supply is important. The total number of listings in the Atlanta MSA has declined (figure 8). Since reaching a peak of 28,027 total listings in July 2019, the number of new listings has fallen 43 percent to 15,996.

FIGURE 8
Total Listings in the Atlanta Metro



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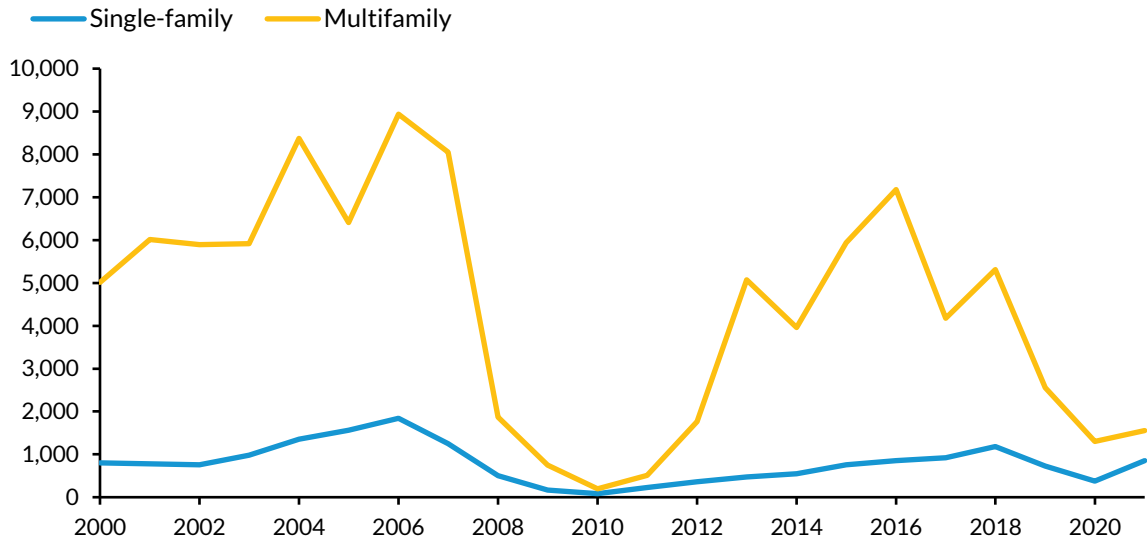
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

And new construction has not significantly surpassed their peak levels during the 2000s (figure 9). Although the number of single-family residential permits rose 243 percent between 2012 and 2021, the current pace of single-family permits, 31,560, is 51 percent of its 2005 level. Similarly, although multifamily permits increased 52 percent from 2012 to 2021, its 2021 pace is 47 percent of its 2004 level. Despite moderation in recent months, home prices have risen 173 percent since 2012 (figure 10).

FIGURE 9

Single-Family and Multifamily Residential Construction Permits in the Atlanta Metro



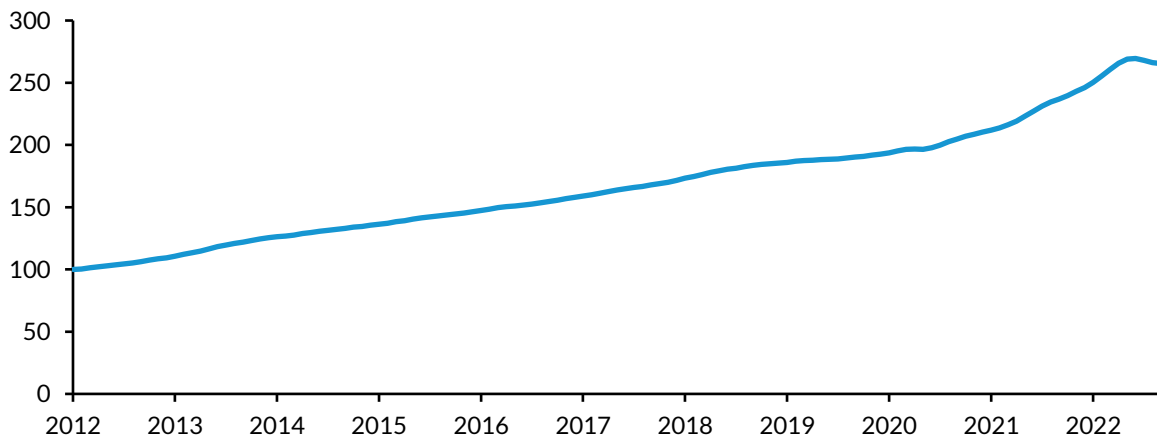
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market.

FIGURE 10

House Price Index in the Atlanta Metropolitan Statistical Area



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Source: Black Knight.

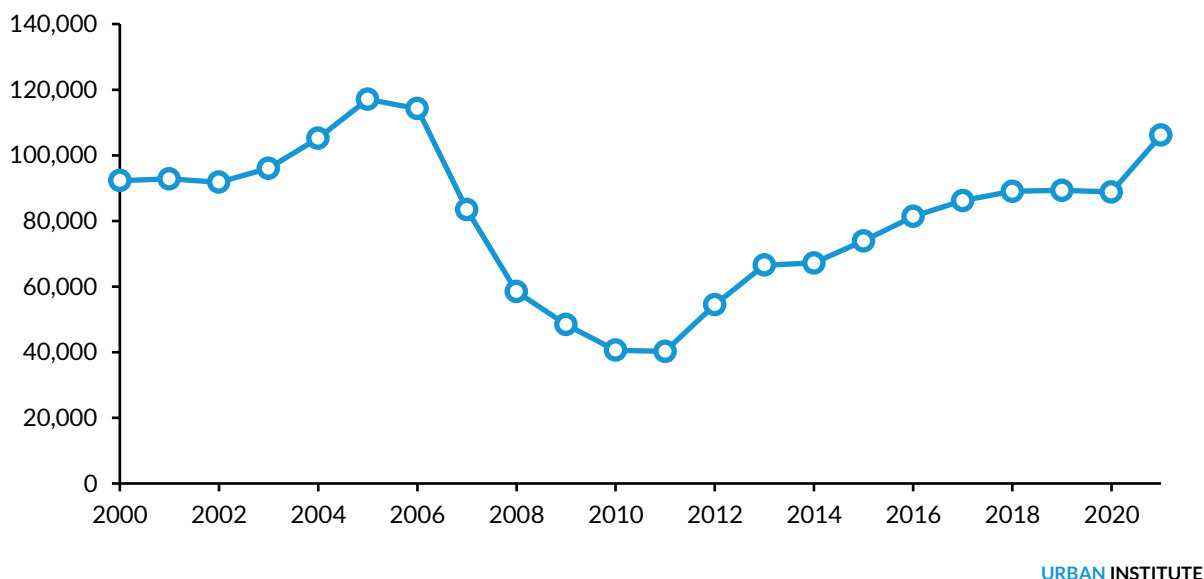
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across the Atlanta MSA, there were 106,137 home sales in 2021, which is 94 percent more than the 54,471 that were sold in 2012 but is only 91 percent of the 117,067 homes sold in 2005 (figure 11).

FIGURE 11

Annual Home Sales in the Atlanta Metro



Source: CoreLogic MarketTrends.

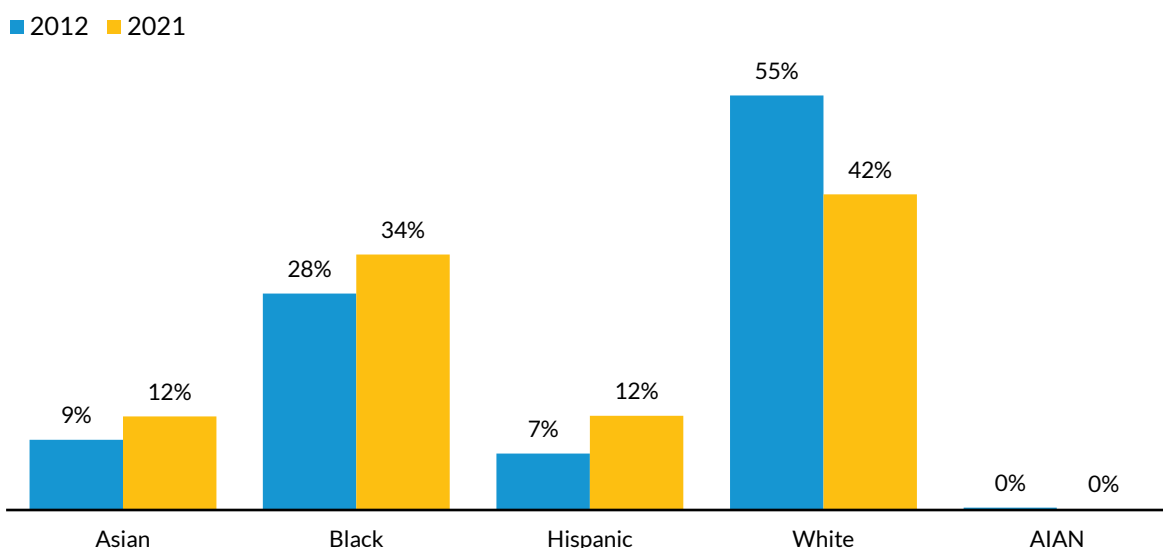
Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

In 2021, there were 70,511 mortgages originated to purchase a home in the Atlanta MSA. White borrowers accounted for 42 percent of these purchase loans, while borrowers of color represented 58 percent. Loans to Black borrowers accounted for 34 percent of all purchase originations. Asian and Hispanic borrowers each accounted for 12 percent. The share of loans originated for American Indian or Alaska Native borrowers was close to zero.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated for borrowers of color increased (figure 12). The share of purchase mortgage originated rose from 28 percent to 34 percent for Black borrowers, from 9 percent to 12 percent for Asian borrowers, and from 7 percent to 12 percent for Hispanic borrowers. The share of purchase loans originated for American Indian or Alaska Native borrowers remained virtually nonexistent.

FIGURE 12

Share of Purchase Mortgages, by Race or Ethnicity, in the Atlanta Metro



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Source: 2012 and 2021 HMDA data.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

Purchase mortgage applicants of color were more likely than white applicants to be denied a mortgage. In 2021, 6 percent of white borrowers were denied a mortgage. In contrast, 29 percent of American Indian or Alaska Native applicants, 17 percent of Black applicants, 13 percent of Hispanic applicants, and 8 percent of Asian applicants were denied.

Homeownership Trends

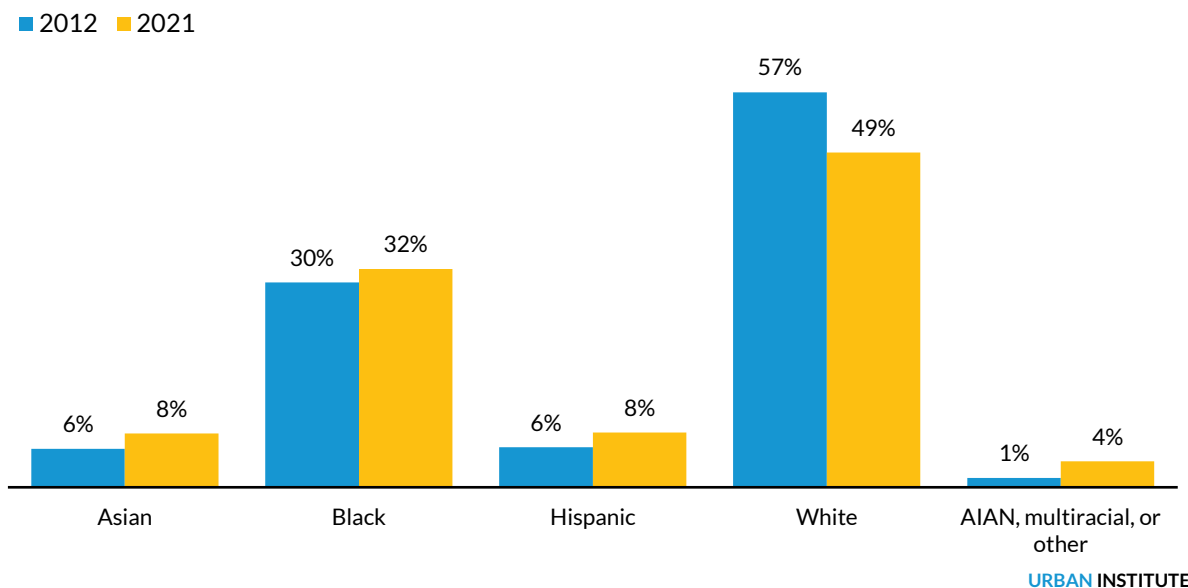
There were 894,665 homeowners in the Atlanta metro in 2021; 51 percent were homeowners of color, and 49 percent were white. Black households accounted for 32 percent of all homeowners. Both Hispanic households and Asian households each represented 8 percent. American Indian or Alaska Native households, multiracial households, and households of other races accounted for 4 percent.

In 2012, white households accounted for 57 percent of homeowners, while households of color represented the remaining 43 percent (figure 13). The increase in the share of homeowners of color partly reflected growth in the share of Black homeowners (from 30 percent to 32 percent). In addition, the share of Hispanic households and Asian households each increased from 6 percent to 8 percent, and

the share of American Indian or Alaska Native households, multiracial households, and households of other races expanded from 1 percent to 4 percent.

FIGURE 13

Share of Homeowner Households, by Race or Ethnicity, in the Atlanta Metro



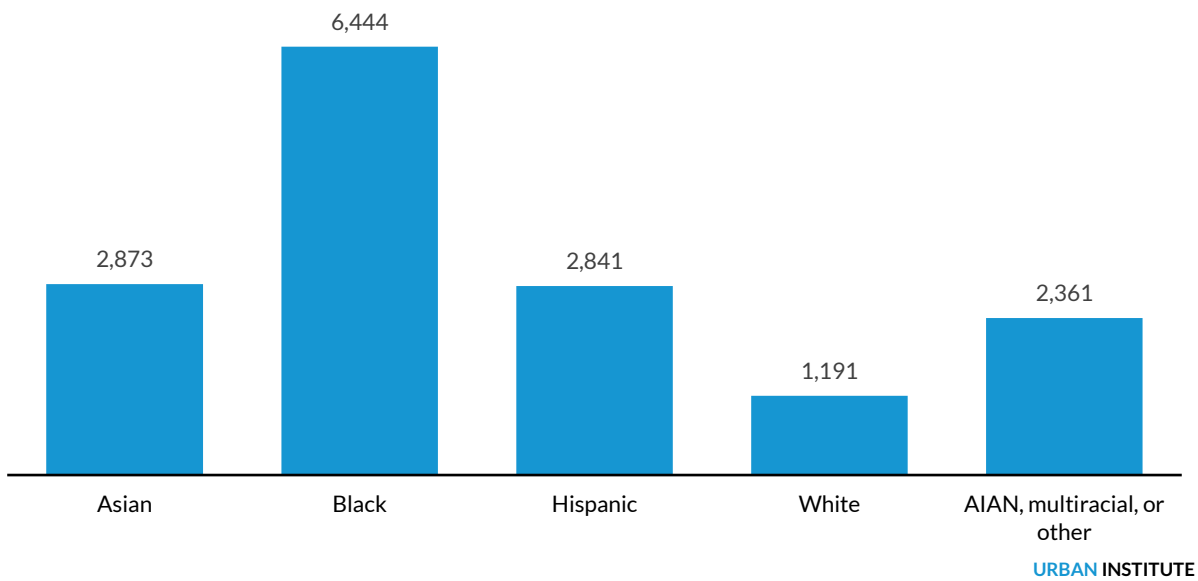
Source: 2012 and 2021 one-year American Community Surveys.

Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of new homeowners in the Atlanta metro that are homeowners and an outflow of those households that are no longer homeowners in the Atlanta metro. On average, the Atlanta metro has averaged 15,710 net homeowners per year from 2012 to 2021. During that period, the metro added 6,444 net Black homeowners, on average, per year, 2,873 net Asian homeowners, 2,841 net Hispanic homeowners, and 2,361 net American Indian or Alaska Native households, multiracial households, and households of other races (figure 14). Meanwhile, 1,191 net white homeowners were added each year over the same period.

FIGURE 14

Annual Average of Net Homeowners, by Race or Ethnicity, in the Atlanta Metro, 2012–21



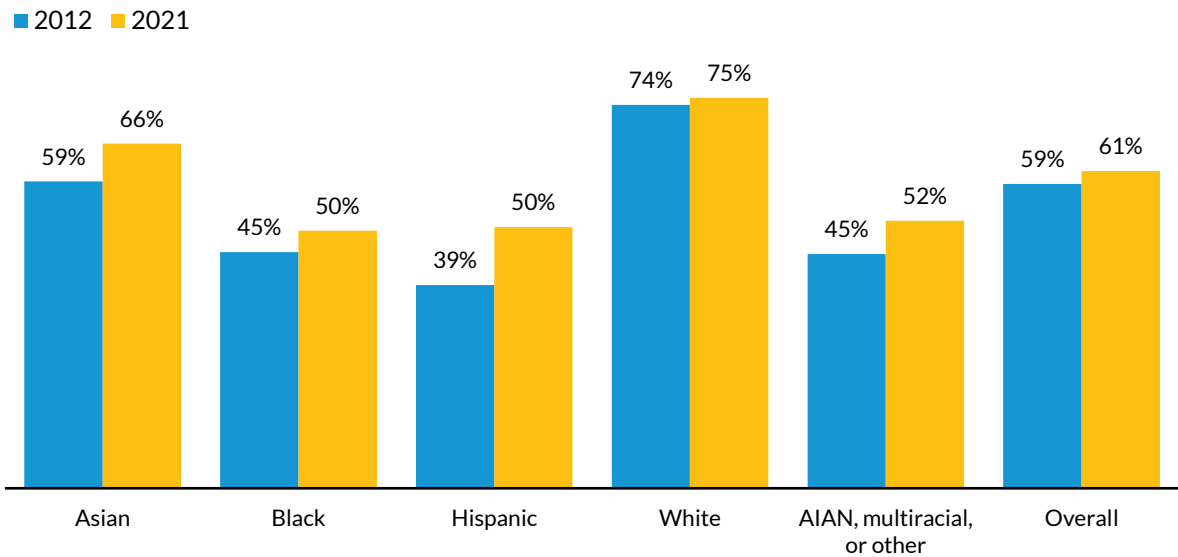
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

Amid stronger growth in net new homeowners of color, on average, from 2012 to 2021, the homeownership rate among households of color overall increased faster than the white homeownership rate (figure 15). The faster increase in the homeownership rate among households of color occurred for each racial or ethnic group. But white households still have a higher homeownership rate than households of color.

FIGURE 15

Homeownership Rates, by Race or Ethnicity, in the Atlanta Metro



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Source: 2012 and 2021 one-year American Community Surveys.

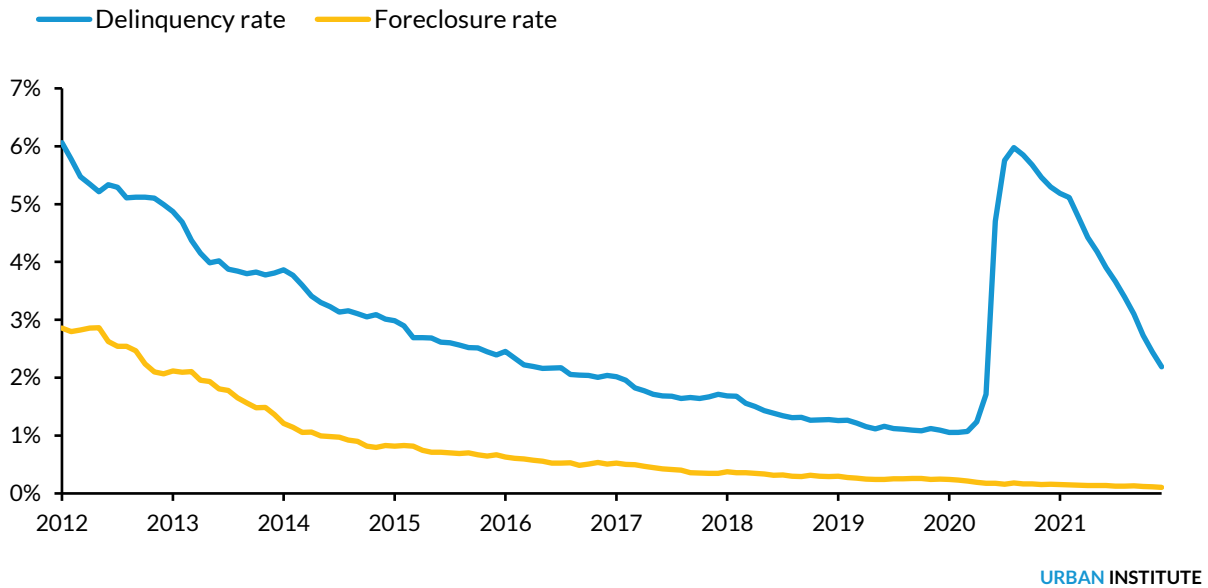
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 2, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net change in the number of homeowners of color is also related to homeownership sustainability. From 2012 to 2021, the 90-day mortgage delinquency rate and the foreclosure rate fell (figure 16). But the mortgage delinquency rate jumped in response to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 16

90-Day Mortgage and Delinquency Rates in the Atlanta Metro



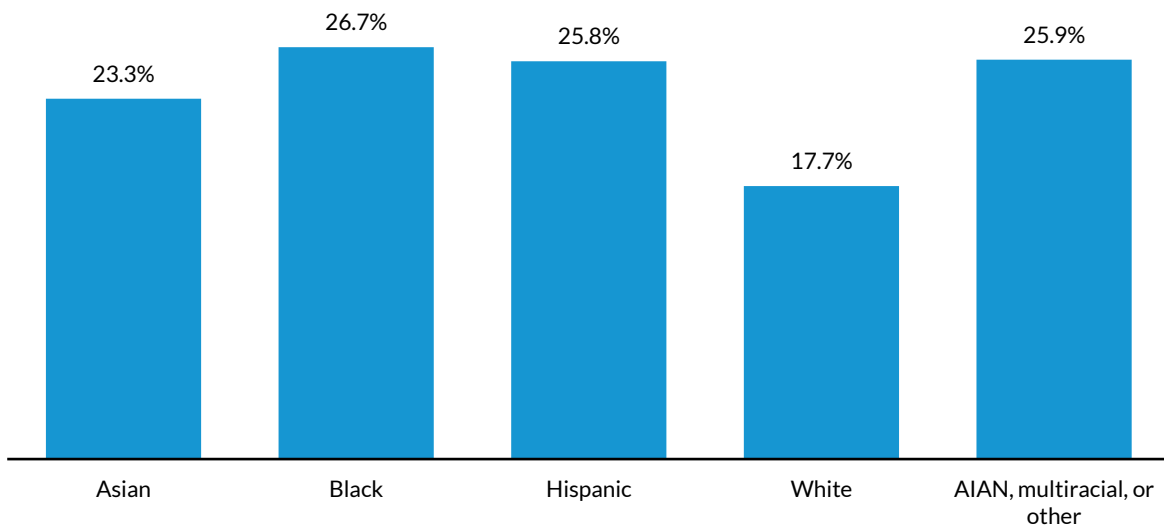
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color face housing precarity (figure 17). This makes these homeowners more vulnerable if they experience job loss or even sharp home price appreciation. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 17

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in the Atlanta Metro



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Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Among homeowner household heads ages 62 and older, more than half of Black, Hispanic, American Indian or Alaska Native, and multiracial homeowners and homeowners of other races have a mortgage, while less than half of white and Asian homeowners have a mortgage (table 4). Homeowners with a mortgage are more likely to be cost burdened than homeowners without a mortgage. But even among senior homeowners without a mortgage, Asian, Black, American Indian or Alaska Native, and multiracial homeowners and homeowners of other races are more slightly more likely to be cost burdened, while 27 percent of Hispanic senior homeowners without a mortgage are cost burdened.

TABLE 4

Mortgage and Cost Burden Status among Homeowners Ages 62 and Older, by Race or Ethnicity, in the Atlanta Metro

	Share of homeowners with a mortgage	Share of cost-burdened homeowners		
		Overall	With a mortgage	Without a mortgage
Asian	42%	28%	51%	12%
Black	64%	32%	42%	13%
Hispanic	61%	41%	49%	27%
White	46%	22%	36%	11%
AIAN, multiracial, or other	64%	40%	54%	13%

Source: 2021 one-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Houston

Homeownership is critical for wealth building and housing stability. But households of color living in Harris County, Texas (where Houston is located) are less likely than white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among each nonwhite racial or ethnic group.

Several factors contribute to these homeownership disparities. For example, despite a decline in denial rates for most mortgage applicants of color, mortgage applicants of color are still more likely than white applicants to be denied a mortgage. And this may inform the collaborative’s strategy targeting the racial disparities in these rates.

TABLE 5

Homeownership Rates and Number of Households, by Tenure, Race, and Ethnicity, in Harris County

	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Homeownership rate	60%	36%	52%	69%	43%
Number of homeowner households	75,940	130,622	329,298	388,935	24,705
Number of renter households	49,628	235,132	304,362	172,093	32,461

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 29 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

BOX 5

The Houston Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the Houston collaborative has set out several strategies that will boost net new homeowners of color by the end 2025. These include the following:

- Develop a comprehensive, multifaceted outreach and education campaign for residents of color that is demographically targeted and multilingual.
- Address higher mortgage denial rates for homebuyers of color and expand the pool of homebuyers of color through credit, debt, and savings-related interventions, as well as more flexible mortgage products.
- Encourage innovations that reduce construction costs and expand available housing typologies to address inventory and housing supply challenges.
- Preserve homeownership and generational wealth for communities of color through foreclosure prevention, title and deed issue resolution, and home repair resources.
- Advocate changing systemic barriers to homeownership for households of color that are based on structural racism and bias.

Houston's Baseline

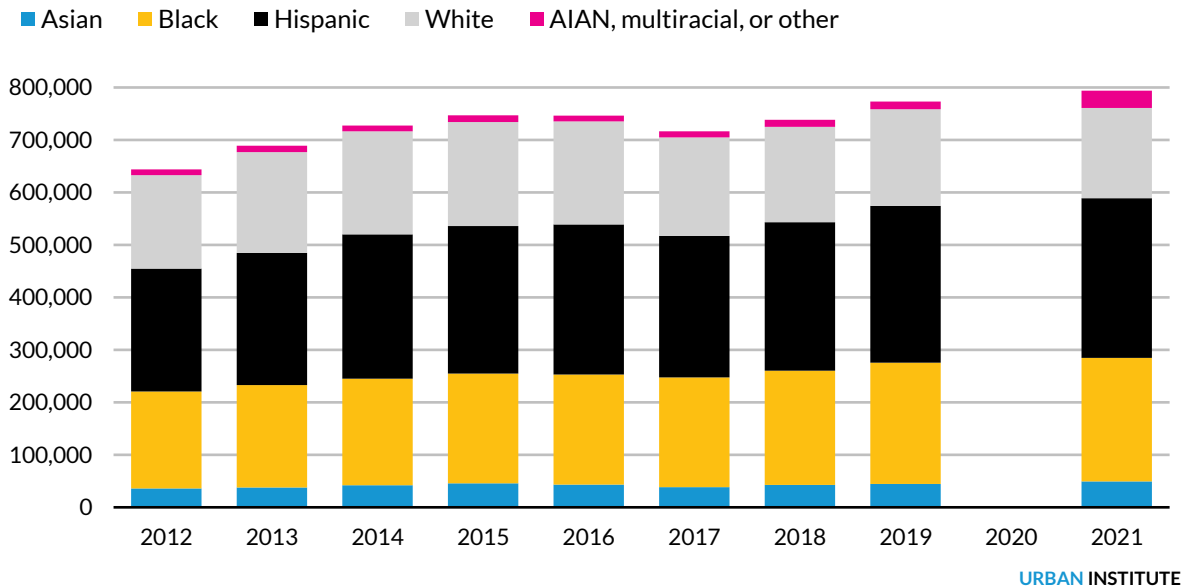
The baseline market analysis described below illustrates the need and the potential for the Houston collaborative's strategies to boost homeownership among households of color. After looking at the racial and ethnic composition of renters, who are potential future homebuyers, the market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in homeownership, this analysis describes housing sustainability to provide a comprehensive picture of changes in net new homeowners.

Racial and Ethnic Demographics of Renter Households

In 2021, 785,520 renter households lived in Harris County (figure 18). White households represented 22 percent of all renter households, while households of color accounted for 78 percent. Hispanic households, as measured by the household head's race or ethnicity, accounted for 39 percent of renter households, and Black households represented 30 percent. Asian households and American Indian or

Alaska Native households, multiracial households, and households of other races each accounted for 11 percent.

FIGURE 18
Number of Renter Households, by Race or Ethnicity, in Harris County



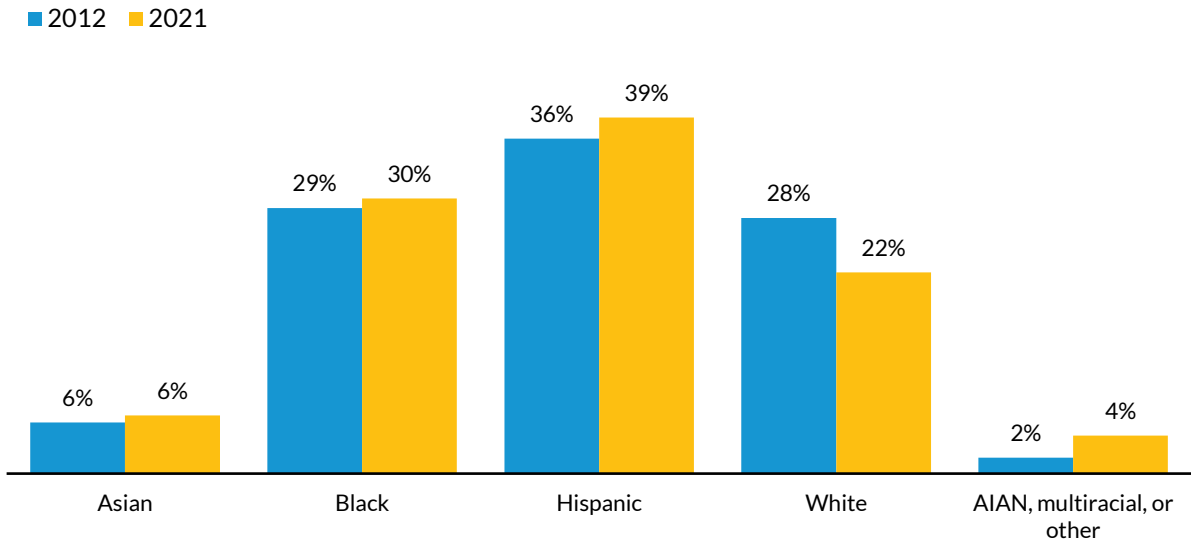
Source: 2012–21 one-year American Community Surveys.

Notes: ACS = American Community Survey. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government’s ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

From 2012 to 2021, the share of white renter households fell from 28 percent to 22 percent, while the proportion of renter households of color rose from 72 percent to 78 percent (figure 19). Over this period, the share of Hispanic renter households increased from 36 percent to 39 percent, the percentage of Black renter households rose from 29 percent to 30 percent, and the proportion of American Indian or Alaska Native households, multiracial households, and households of other races renter households climbed from 2 percent to 4 percent. The share of Asian renter households held steady at 6 percent over this period.

FIGURE 19

Distribution of Renter Households, by Race or Ethnicity, in Harris County



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Source: 2012 and 2021 one-year American Community Surveys.

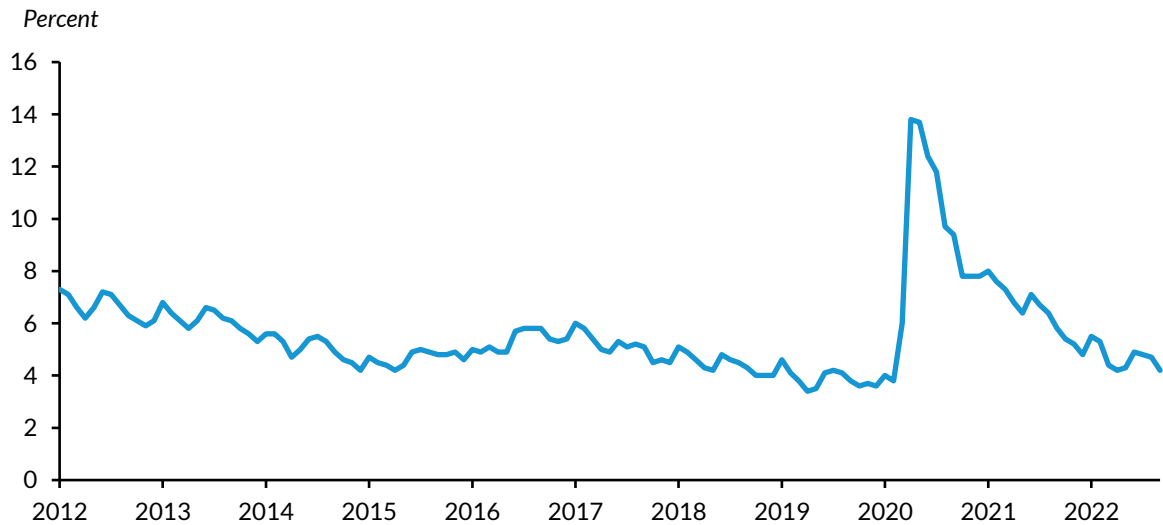
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In May 2020, at the end of the most recent recession, the Harris County unemployment rate peaked at 13.7 percent (figure 20). The city’s unemployment rate began to recover in June and currently sits at 4.2 percent, 0.6 percentage points above its prepandemic low of 3.6 percent.

FIGURE 20

Unemployment Rate in Harris County



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Source: Bureau of Labor Statistics.

But renter households are more likely than homeowner households to be unemployed (table 6). And except for Asian households, households of color have higher unemployment rates relative to white households. At the intersection of race and tenure, renters of color, excluding Asian renter households, have higher unemployment rates than white renters. But only Black renter households and American Indian or Alaska Native renter households, multiracial rental households, and renter households of other races have a higher unemployment rate than their homeowner peers.

TABLE 6

Unemployment Rate, by Race, Ethnicity, and Tenure, in Harris County

	All	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Total	6.2%	4.3%	9.3%	5.9%	4.9%	7.1%
Owner	5.8%	4.5%	8.3%	6.0%	4.9%	6.3%
Renter	6.7%	3.6%	10.1%	5.9%	4.9%	8.2%

Source: 2021 one-year American Community Survey.

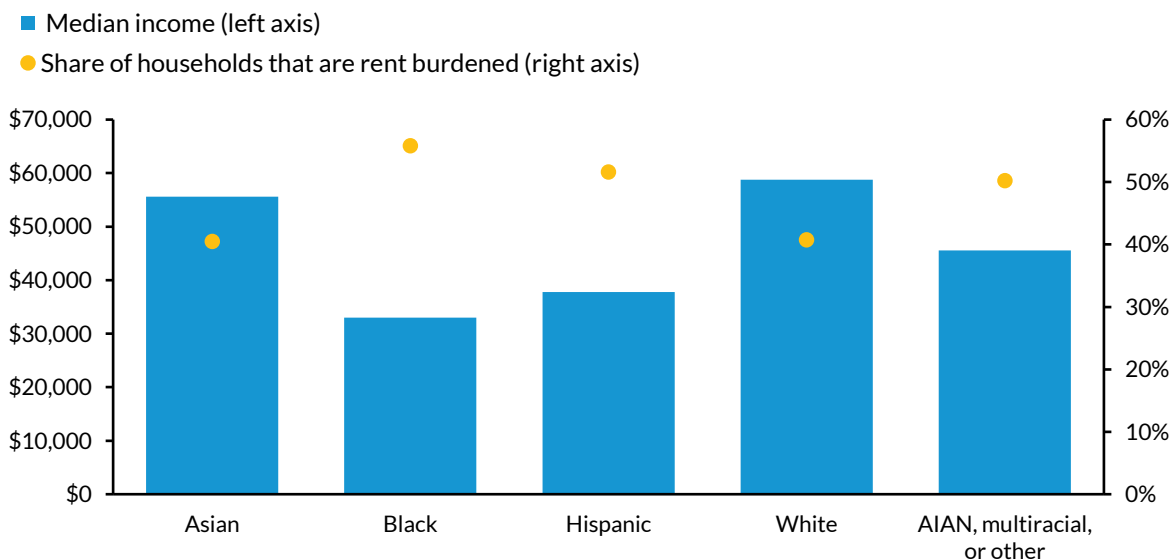
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 20 is based on the civilian population.

Rental Burden

From 2012 to 2021, the median renter household income increased 26 percent to \$41,919, and the median rent increased 36 percent to \$1,167. The share of renters paying more than 30 percent of their income on rent increased from 50 percent to 54 percent. But these numbers mask differences by race and ethnicity. On average, the median renter household of color had a lower income relative to the median white renter household from 2016 to 2020 (figure 21). And lower household incomes contribute to the greater share of renter households of color, except Asian renter households, being cost burdened.

FIGURE 21

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in Harris County



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Source: 2016–20 five-year American Community Survey.

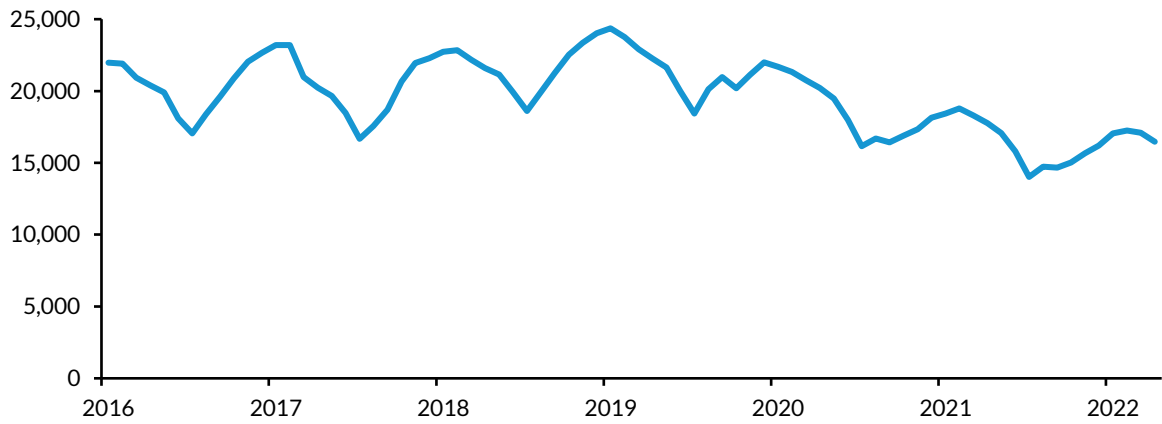
Note: AIAN = American Indian or Alaska Native.

Housing Supply

In addition to the factors that boost housing demand, a healthy housing supply is important. Since August 2019, the number of new listings in Harris County has declined 31 percent from 23,754 listings to 16,471.

FIGURE 22

Total Listings in Harris County



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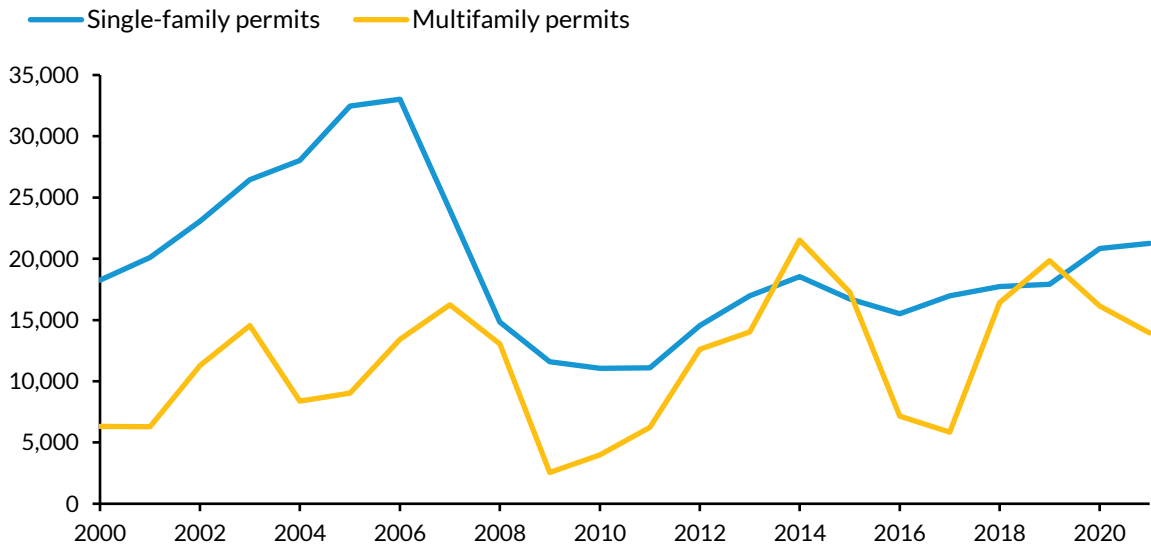
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

And new construction has not significantly surpassed peak levels during the 2000s (figure 23). Although the number of single-family residential permits increased 46 percent between 2012 and 2021, the current pace of single-family permits, 21,260 per year, is 64 percent of its 2006 level. Although multifamily permits in 2021 are 10 percent above their pace in 2012, they are still 86 percent of their 2007 level. And despite moderation in recent months, home prices have risen 106 percent since 2012 (figure 24).

FIGURE 23

Single-Family and Multifamily Residential Construction Permits in Harris County



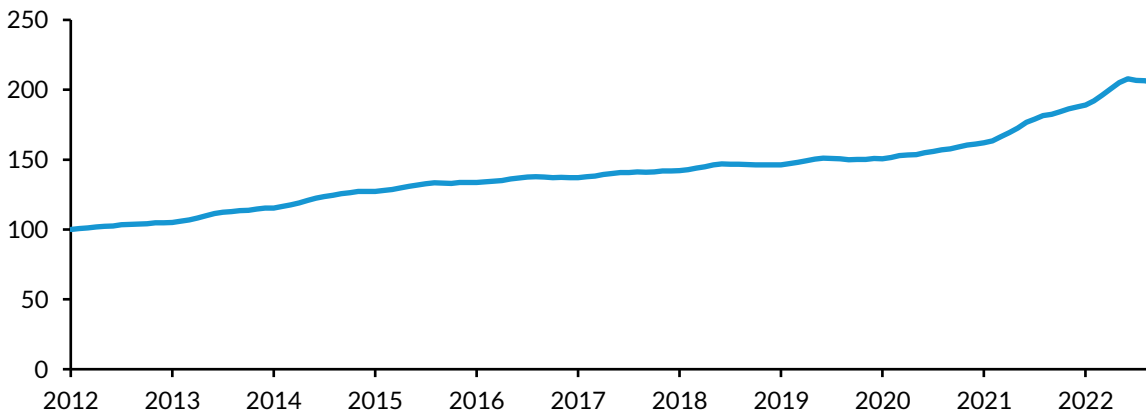
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market.

FIGURE 24

House Price Index in Harris County



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Source: Black Knight.

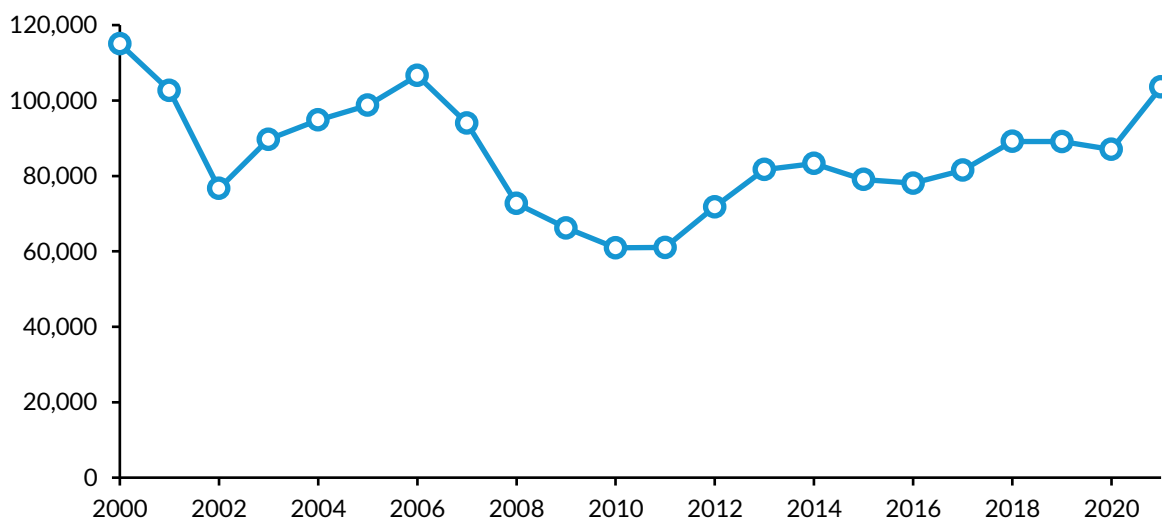
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across Harris County, there were 103,576 home sales in 2021, 44 percent more than their 2012 sales pace of 71,809, but 97 percent of its 2006 pace of 106,646 sales (figure 25).

FIGURE 25

Annual Home Sales in Harris County



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Source: CoreLogic MarketTrends.

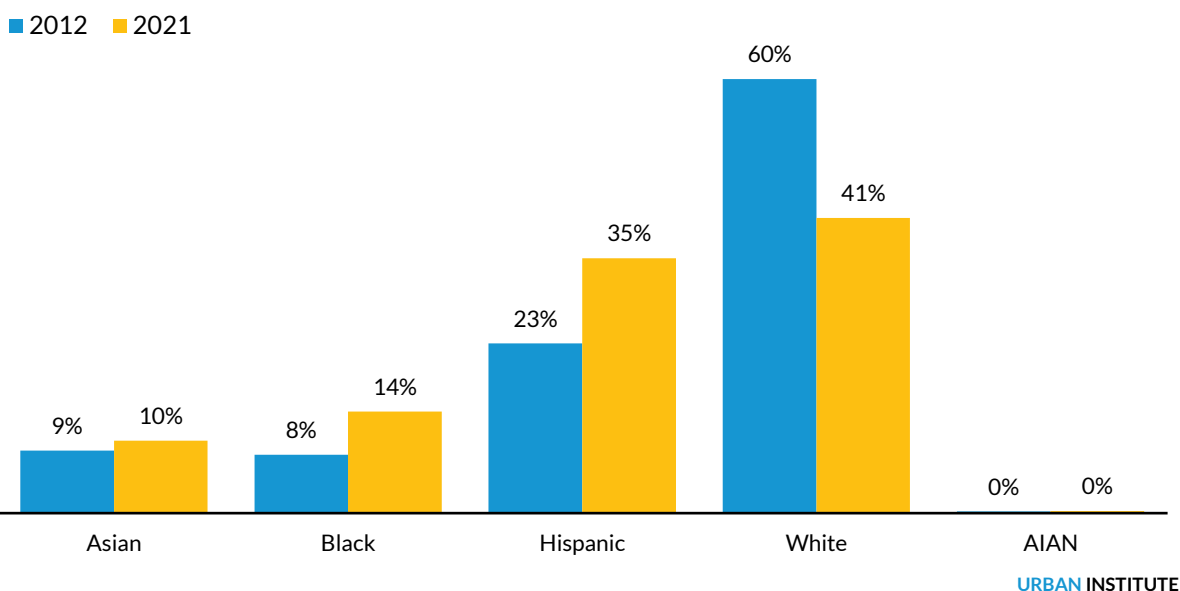
Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

In 2021, 46,457 mortgages were originated to purchase a home in Harris County. White borrowers accounted for 41 percent, while borrowers of color represented 59 percent. Loans to Hispanic borrowers accounted for 35 percent of all purchase originations, Black borrowers accounted for 14 percent, and Asian borrowers accounted for 10 percent. The share of purchase loans originated for American Indian or Alaska Native borrowers was statistically zero.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated to borrowers of color has grown (figure 26). The share of purchase mortgages originated for Hispanic borrowers rose from 23 percent to 35 percent. The proportion of purchase mortgages originated increased from 8 percent to 14 percent for Black borrowers and from 9 percent to 10 percent for Asian borrowers. The share of purchase loans originated for American Indian or Alaska Native borrowers remained virtually nonexistent.

FIGURE 26

Share of Purchase Mortgages, by Race or Ethnicity, in Harris County



Source: 2012 and 2021 HMDA data.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

White applicants for a purchase mortgage were least likely to be denied a mortgage across Harris County. In 2021, 7 percent of white applicants were denied a mortgage. Meanwhile, 18 percent of Black applicants, 17 percent of Hispanic applicants, 11 percent of Asian applicants, and 9 percent of American Indian or Alaska Native applicants were denied a mortgage.

But denial rates in 2021, relative to 2012, were lower for all racial or ethnic groups. The denial rate fell from 28 percent to 18 percent among Black applicants, from 21 percent to 17 percent among Hispanic applicants, from 18 percent to 11 percent among Asian applicants, and from 27 percent to 9 percent for American Indian or Alaska Native applicants.

TABLE 7

Denial Rates, by Race or Ethnicity, in Harris County

	Asian	Black	Hispanic	White	AIAN
2012	18%	28%	21%	12%	27%
2021	11%	18%	17%	7%	9%

Source: 2021 one-year American Community Survey.

Note: AIAN – American Indian or Alaska Native.

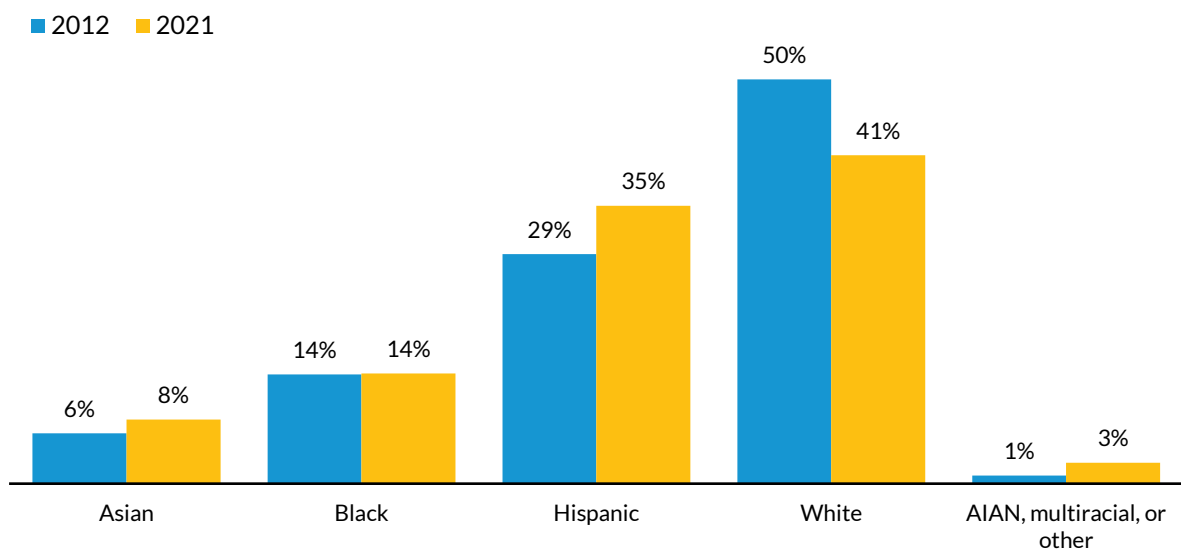
Homeownership Trends

There were 949,500 homeowners in Harris County in 2021; 59 percent were homeowners of color and 41 percent were white homeowners. Hispanic households accounted for 35 percent of all homeowners, Black households represented 14 percent, and Asian households represented 8 percent. American Indian or Alaska Native households, multiracial households, and households of other races accounted for 3 percent.

In 2012, the number of homeowner households was evenly distributed among white households and households of color (figure 27). The increase in the share of homeowners of color partly reflected growth in the percentage of Hispanic homeowners (from 29 percent to 35 percent). In addition, the share of Asian homeowners increased from 6 percent to 8 percent, and the share of American Indian or Alaska Native households, multiracial households, and households of other races increased from 1 percent to 3 percent. The share of Black homeowners in 2021, 14 percent, was similar to the share in 2012.

FIGURE 27

Share of Homeowner Households, by Race or Ethnicity, in Harris County



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Source: 2012 and 2021 one-year American Community Surveys.

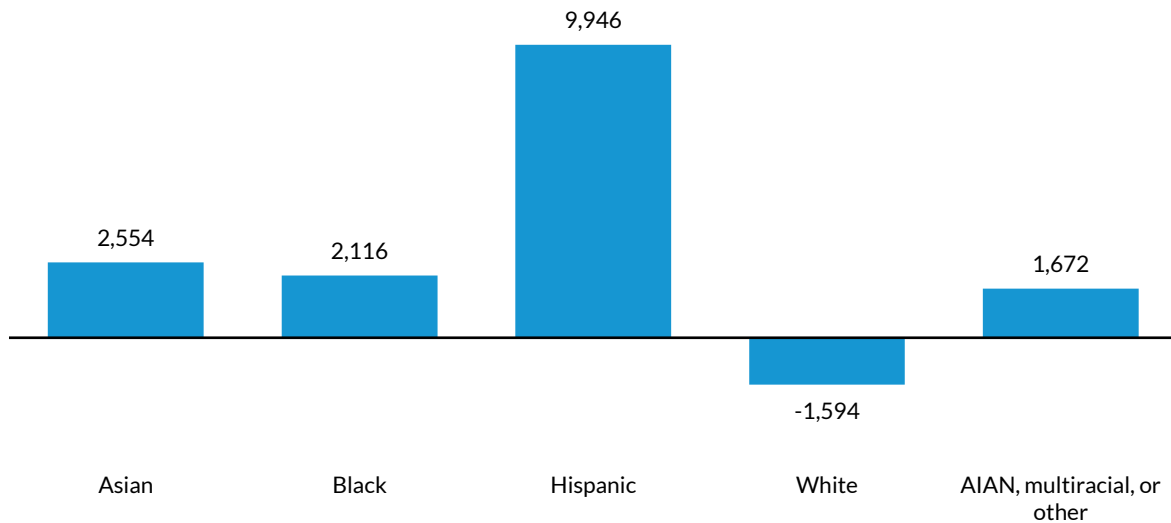
Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of new homeowners in Harris County that are homeowners and an outflow of those households that are

no longer homeowners in the county. On average, Harris County averaged 14,694 net homeowners per year from 2012 to 2021 (figure 28). During that period, the MSA added 9,946 net Hispanic homeowners, on average, per year, 2,554 net Asian homeowners, 2,116 net Black homeowners, and 1,672 net American Indian or Alaska Native households, multiracial households, and households of other races. In contrast, the number of net white homeowners fell by 1,594, on average, each year.

FIGURE 28

Annual Average of Net Homeowners, by Race or Ethnicity, in Harris County, 2012–21



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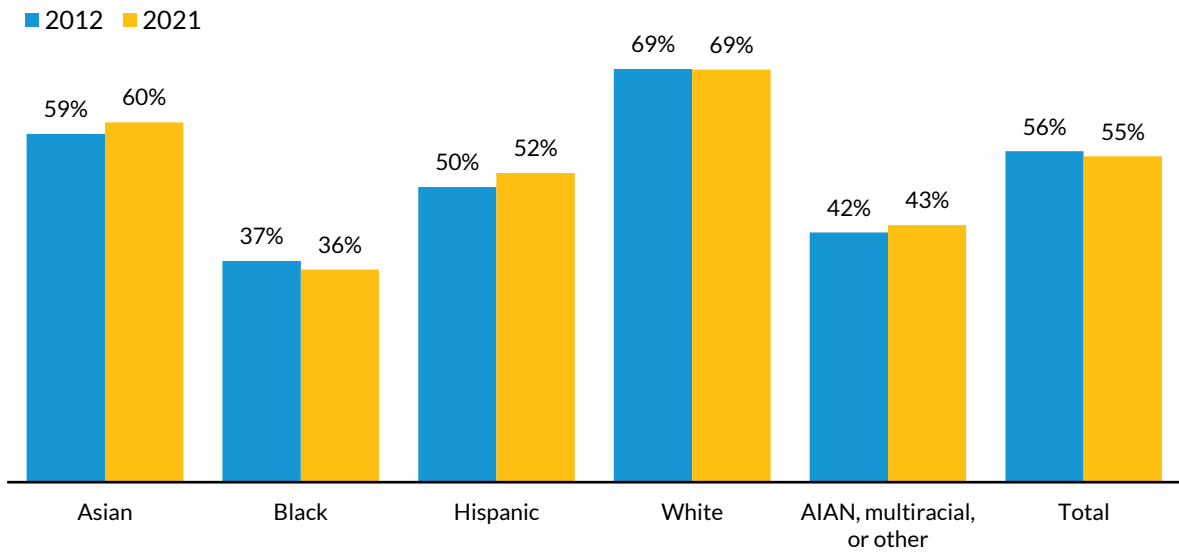
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

Amid strong growth in net new homeowners of color, on average, from 2012 to 2021, the homeownership rate for households of color overall has increased faster than the white homeownership rate (figure 29). The faster increase in the homeownership rate among households of color occurred for each racial or ethnic group. But white households still have a higher homeownership rate than households of color.

FIGURE 29

Homeownership Rates, by Race or Ethnicity, Harris County



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Source: 2012 and 2021 one-year American Community Surveys.

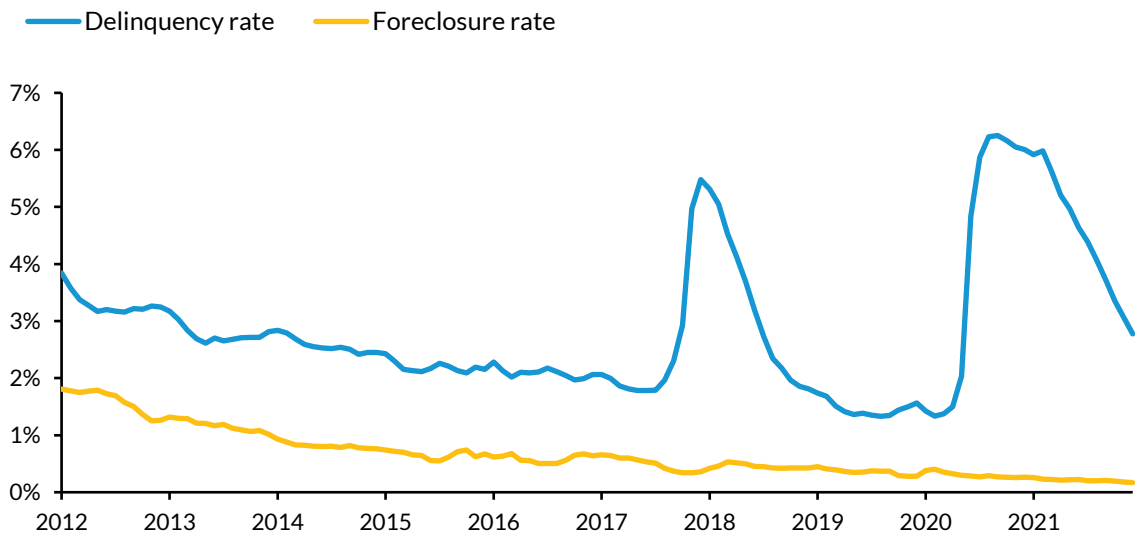
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 5, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net change in the number of homeowners of color is also related to homeownership sustainability. From 2012 to 2021, the 90-day mortgage delinquency rate and the foreclosure rate fell (figure 30). But the mortgage delinquency rate likely jumped in response to Hurricane Harvey in 2017 and to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 30

90-Day Mortgage and Delinquency Rates in Harris County



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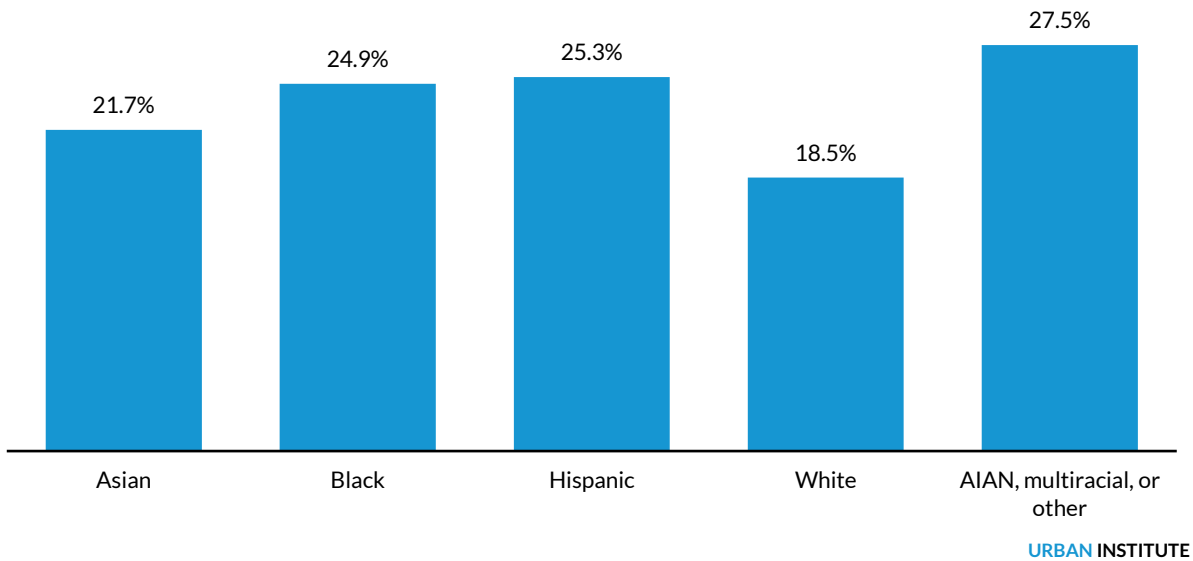
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color face housing precarity (figure 31). This makes these homeowners more vulnerable if they experience job loss or even sharp home price appreciation. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 31

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in Harris County



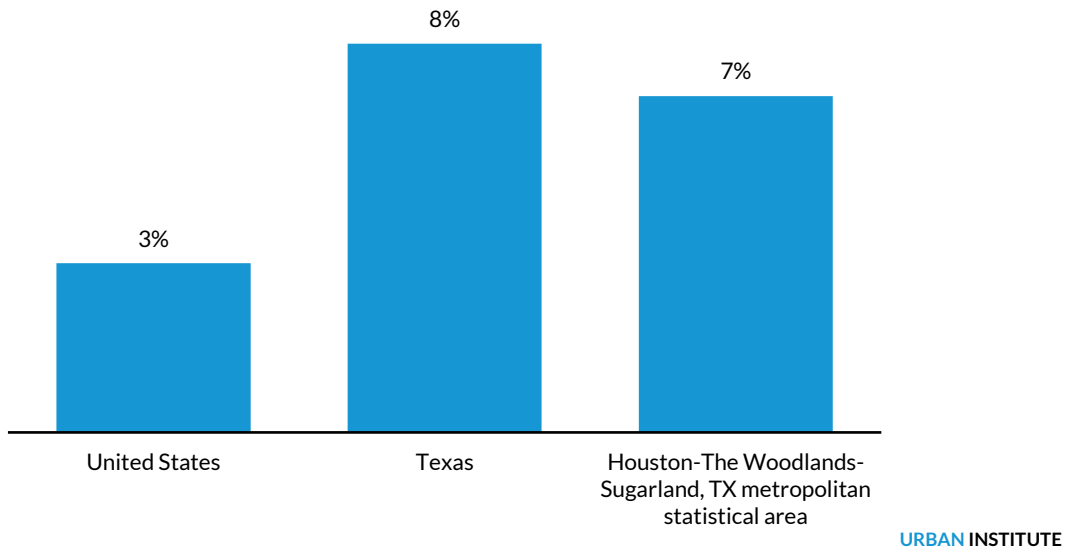
Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Most homeowners live in adequate housing, free of plumbing, heating, electrical wiring issues. But homeowners living in the Houston-The Woodlands-Sugarland MSA, which includes Harris County, are more likely to live in inadequate housing (figure 32). As a whole, though, the share of homeowners living in inadequate housing across the Houston MSA is slightly lower than the share across the state of Texas more broadly.

FIGURE 32

Share of Homeowners Living in Inadequate Housing



Source: 2021 American Housing Survey.

Note: Inadequate housing refers to homeowners living in severely or moderately inadequate housing. All other homeowners live in adequate housing.

Milwaukee

Homeownership is critical for wealth building and housing stability. But overall, households of color living in Milwaukee County, Wisconsin, are less likely than white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among each nonwhite racial or ethnic group (table 8).

TABLE 8
Average Homeownership Rates, by Race or Ethnicity, in Milwaukee County

	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Homeownership rate	43%	24%	38%	61%	41%

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 44 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

BOX 6

The Milwaukee Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the Milwaukee collaborative has set out several strategies that will boost net new homeowners of color by the end 2025. These include the following:

- Scale homebuyer counseling and down payment assistance systems to support families of color.
- Maximize existing inventory systems by producing new starter homes for families of color each year, and maintain additional homes each year, acquired through tax foreclosure and substantially rehabilitated for homeownership.
- Create new inventory systems to produce homeownership opportunities for families of color acquiring homes purchased by investors, supporting minority developers to become entry-level homebuilders, and developing off-site construction capacity and financial models that support new entry-level homes.
- Advance systems for existing homeowners through home repairs, antidisplacement policies, and mortgage foreclosure prevention.
- Advance other supportive systems by pursuing appraisal reform, zoning reform, and alternative lending; expanding innovation; and providing durable collective action.

Milwaukee's Baseline

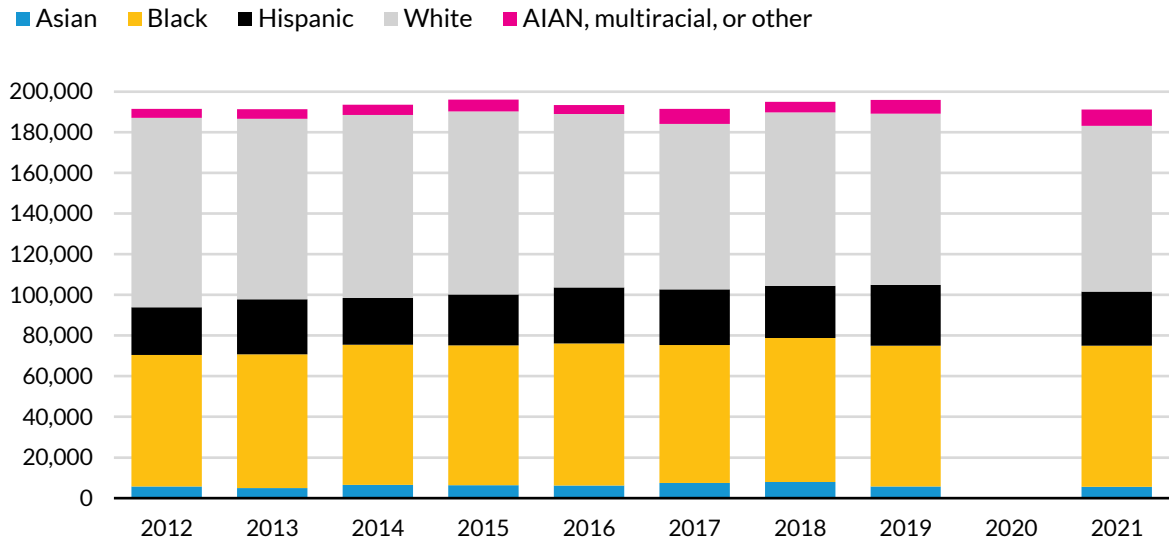
The baseline market analysis described below illustrates the need and the potential for the Milwaukee collaborative's strategies to boost homeownership for households of color. After looking at the racial and ethnic composition of renters, who are potential future homebuyers, the market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in home purchase activities, this analysis also describes housing sustainability to provide a comprehensive picture of changes in net homeowners.

Racial and Ethnic Demographics of Renter Households

In 2021, 191,275 renter households lived in Milwaukee County (figure 33). White households accounted for 43 percent, and households of color accounted for 57 percent. Black households, as measured by the race or ethnicity of the household head, accounted for 36 percent of all renter

households, and Hispanic households represented 14 percent. American Indian or Alaska Native households, multiracial households, and households of other races represented 4 percent, while Asian households accounted for 3 percent.

FIGURE 33
Number of Renter Households, by Race or Ethnicity, in Milwaukee County



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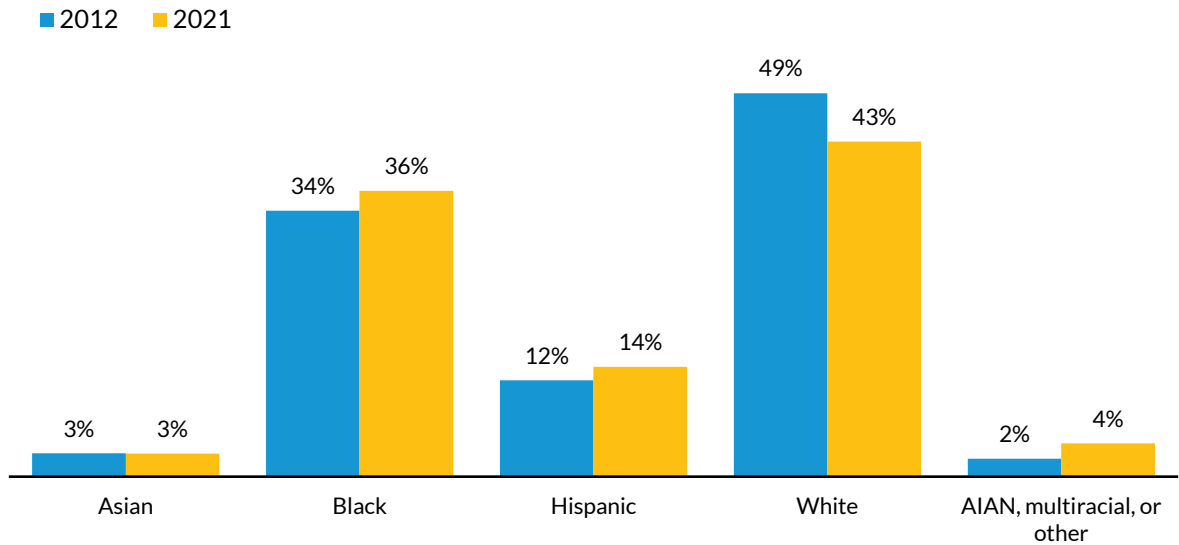
Source: 2012–21 one-year American Community Surveys.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government’s ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

From 2012 to 2021, the share of white renter households declined from 49 percent to 43 percent, while the share of renter households of color increased from 51 percent to 57 percent (figure 34). The share of Black, Hispanic, American Indian or Alaska Native, and multiracial renters and renters of other races all increased by 2 percentage points between 2012 and 2021. The proportion Asian renter households remained stable at 3 percent.

FIGURE 34

Distribution of Renter Households, by Race or Ethnicity, in Milwaukee County



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Source: 2012 and 2021 one-year American Community Surveys.

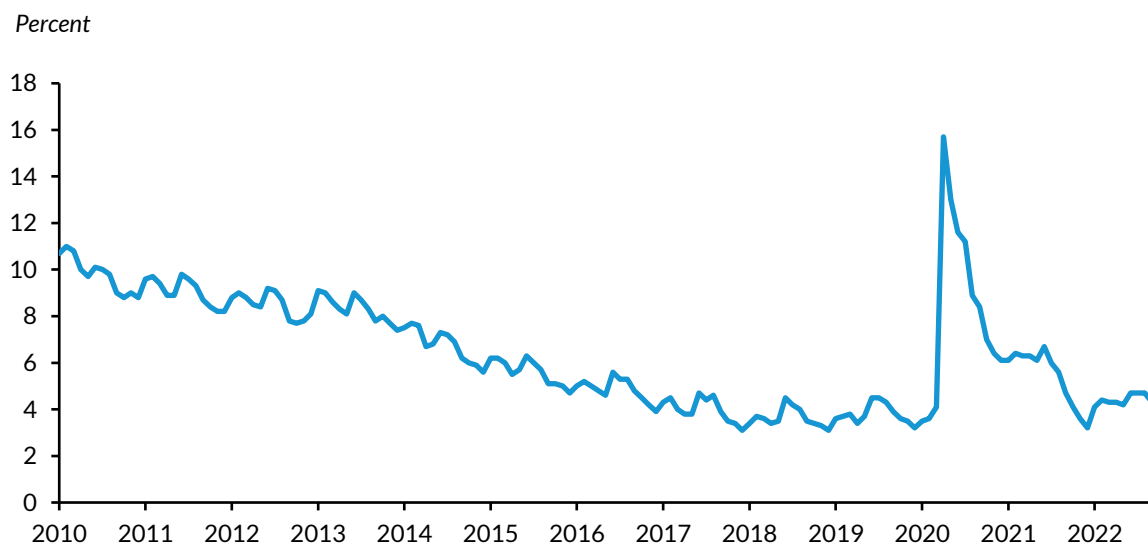
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In April 2020, at the end of the most recent recession, the unemployment rate across Milwaukee County peaked at 15.7 percent (figure 35). The county's unemployment rate began to recover in May 2020 and fell to 4.3 percent by September 2022, 1.1 percentage points higher than the prepandemic low of 3.2 percent.

FIGURE 35

Unemployment Rate in Milwaukee County



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Source: Bureau of Labor Statistics.

But renter households are more likely than homeowner households to be unemployed (table 9). And households of color have higher unemployment rates relative to white households. At the intersection of race and tenure, renters of color have higher unemployment rates than white renters, while renters in each racial and ethnic group have higher unemployment rates than their homeowner peers.

TABLE 9

Unemployment Rate, by Race, Ethnicity, and Tenure, in Milwaukee County

	All	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Total	6.1%	5.1%	7.9%	5.5%	4.3%	10.2%
Owner	4.4%	4.2%	4.8%	4.4%	3.9%	11.6%
Renter	7.5%	5.9%	9.4%	6.5%	5.0%	9.1%

Source: 2021 one-year American Community Survey.

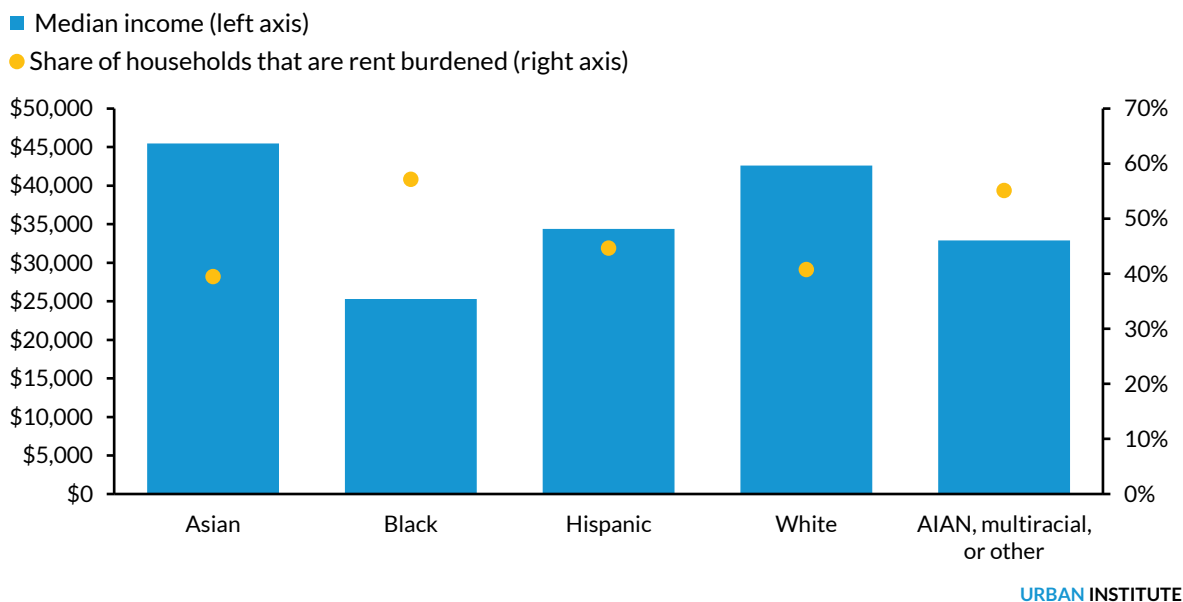
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 35 is based on the civilian population.

Rental Burden

From 2012 to 2021, the median renter household income rose 51 percent to \$39,850, and the median rent increased 24 percent to \$954. The share of renters paying more than 30 percent of their income on rent declined from 56 percent to 48 percent. But these numbers mask differences by race and ethnicity. On average, the median renter households of color, except Asian renter households, had a lower income relative to the median white renter household from 2016 to 2020 (figure 36). And lower household incomes correspond with a greater share of renter households of color being cost burdened.

FIGURE 36

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in Milwaukee County



Source: 2016–20 five-year American Community Survey.

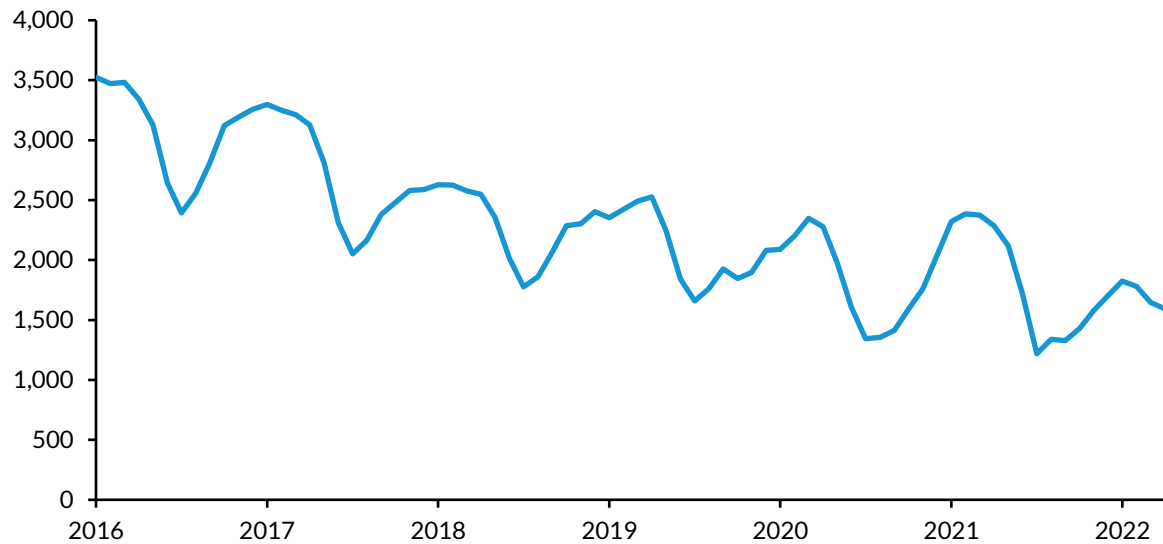
Note: AIAN = American Indian or Alaska Native.

Housing Supply

The for-sale supply of existing homes is increasingly becoming scarce (figure 37). Between July 2016 and October 2022, the number of new listings fell 55 percent from 3,524 to 1,591.

FIGURE 37

Total Listings in Milwaukee County



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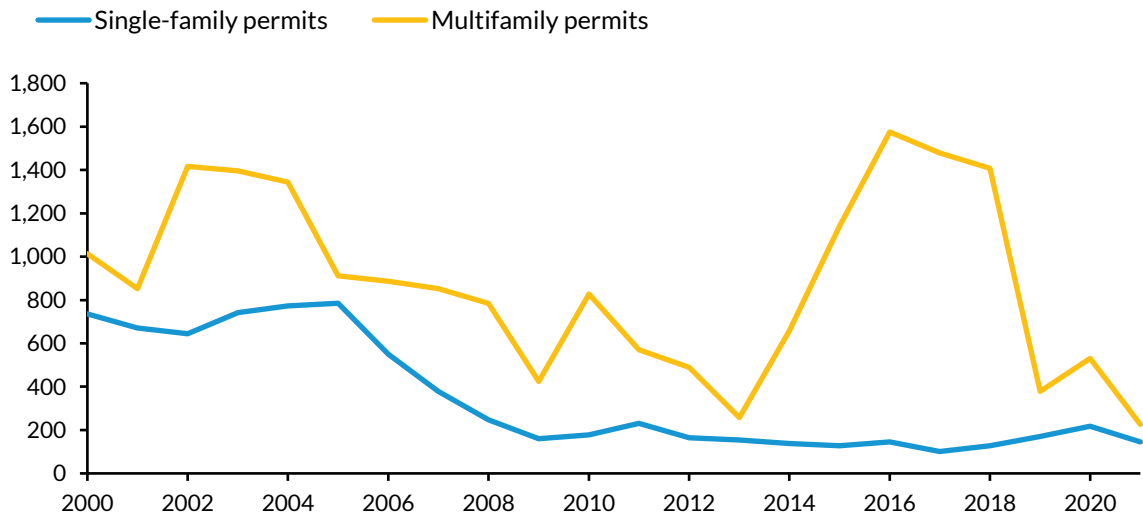
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

And new construction has not significantly surpassed peak levels during the 2000s (figure 38). The number of single-family residential permits, 145, is 12 percent lower than in 2012 and is 20 percent of the number in 2003. Similarly, the number of multifamily permits, 226, is 54 percent lower than in 2012 and is 16 percent of the number in 2003. Despite moderation in recent months, home prices have risen 89 percent since 2012 (figure 39).

FIGURE 38

Single-Family and Multifamily Residential Construction Permits in Milwaukee County



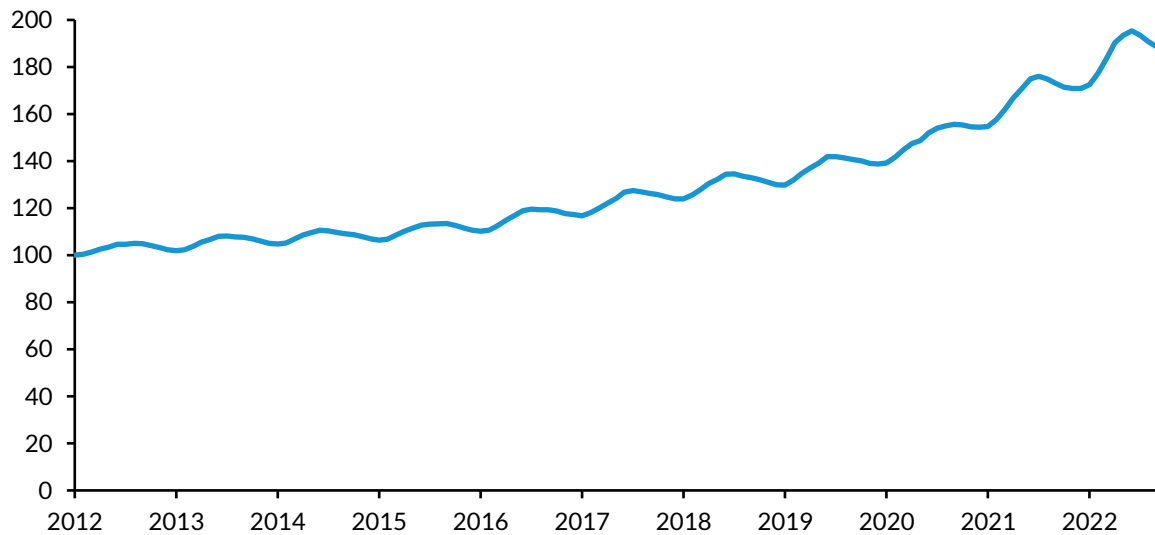
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market.

FIGURE 39

House Price Index in Milwaukee County



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Source: Black Knight.

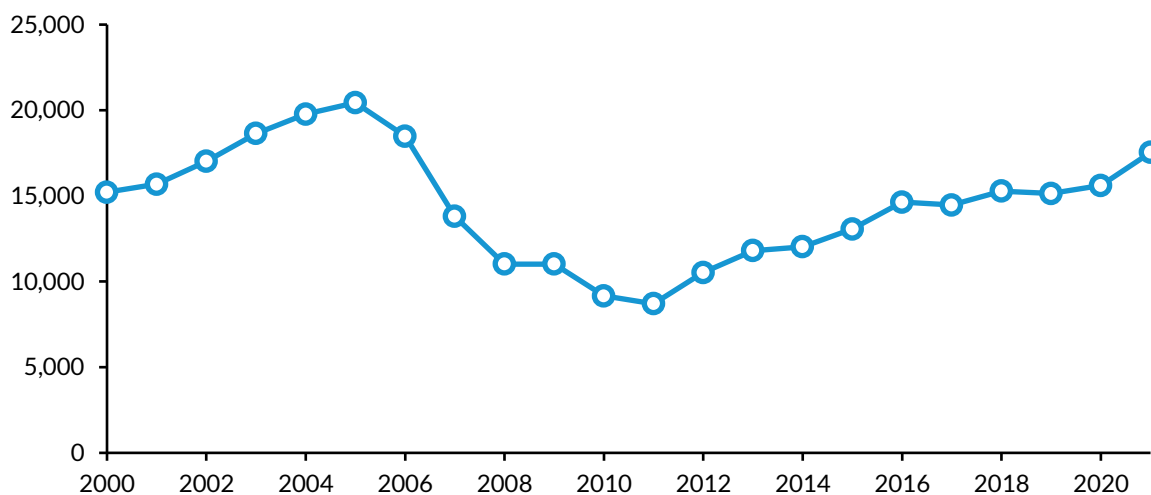
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across Milwaukee County, 17,537 home were sold in 2021, 67 percent more than were sold in in 2012 (10,524) but 86 percent of the number sold in 2005 (20,439) (figure 40).

FIGURE 40

Annual Home Sales in Milwaukee County



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Source: CoreLogic MarketTrends.

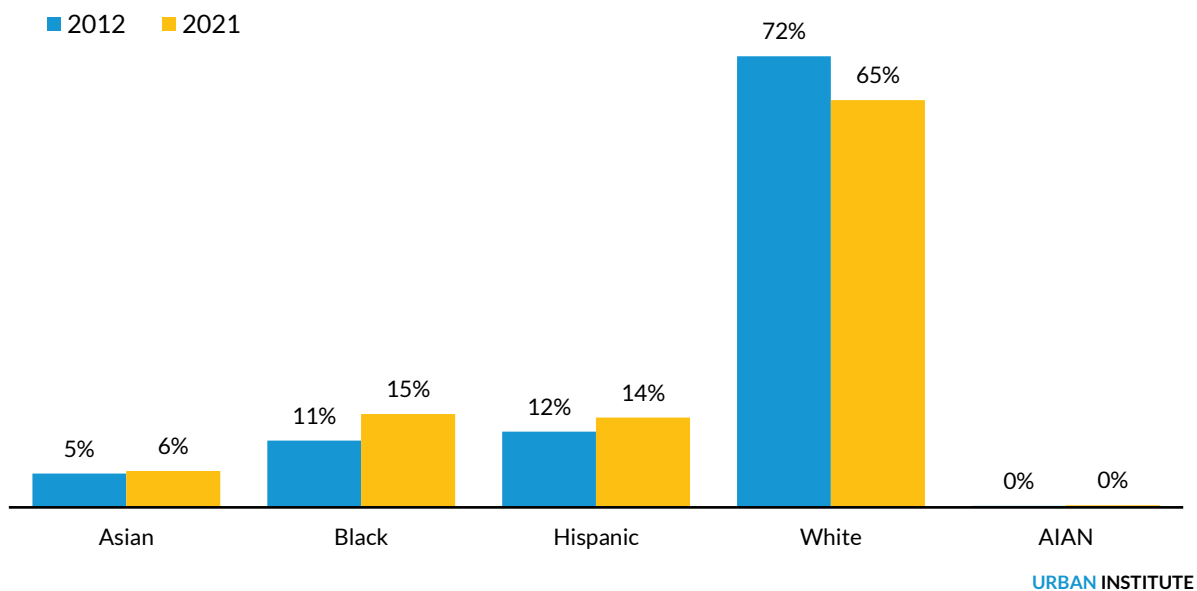
Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

In 2021, 9,906 mortgages were originated to purchase a home in Milwaukee County. White borrowers accounted for 65 percent of these purchase loans, while borrowers of color represented 35 percent. Fifteen percent of all purchase originations went to Black borrowers, 14 percent went to Hispanic borrowers, and 6 percent went to Asian borrowers. The share of loans originated for American Indian or Alaska Native borrowers, multiracial borrowers, and borrowers of other races was statistically zero.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated for borrowers of color increased (figure 41). The share of purchase mortgages originated rose from 11 percent to 15 percent for Black borrowers, from 12 percent to 14 percent for Hispanic borrowers, and from 5 percent to 6 percent for Asian borrowers. The share of purchase loans originated for American Indian or Alaska Native borrowers, multiracial borrowers, and borrowers of other races remained virtually nonexistent.

FIGURE 41

Share of Purchase Mortgages, by Race or Ethnicity, in Milwaukee County



Source: 2012 and 2021 HMDA data.

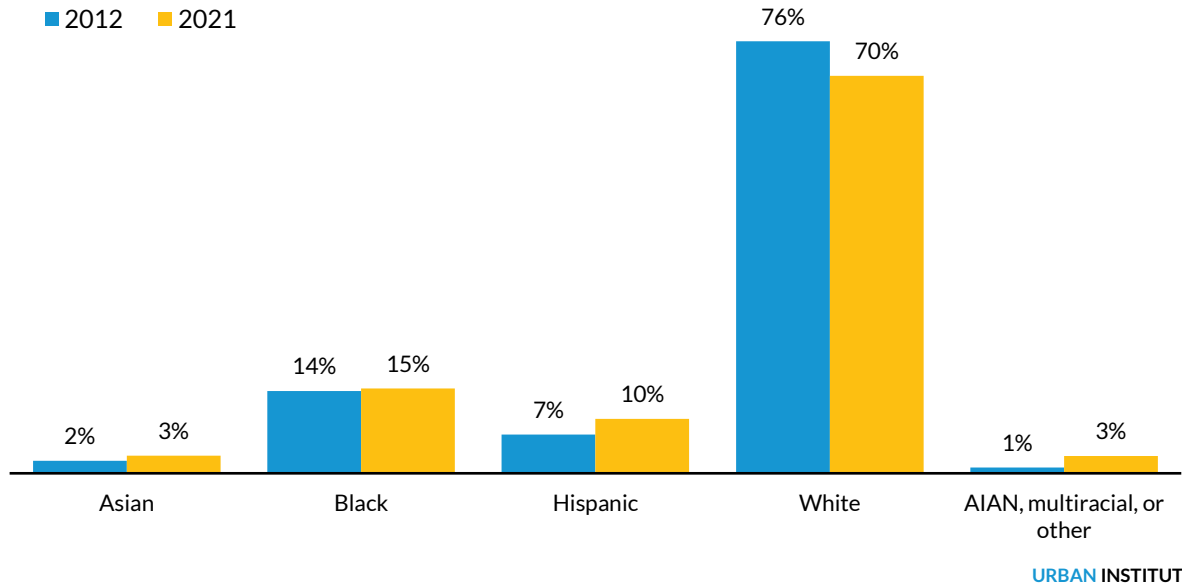
Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

Homeownership Trends

There were 198,162 homeowners in Milwaukee in 2021; 70 percent were white, and 30 percent were homeowners of color (figure 42). Black households accounted for 15 percent of all homeowners, and Hispanic households represented 10 percent. Asian households represented 3 percent, as did Native American or Alaska Native households, multiracial households, and households of other races.

FIGURE 42

Share of Homeowner Households, by Race or Ethnicity, in Milwaukee County



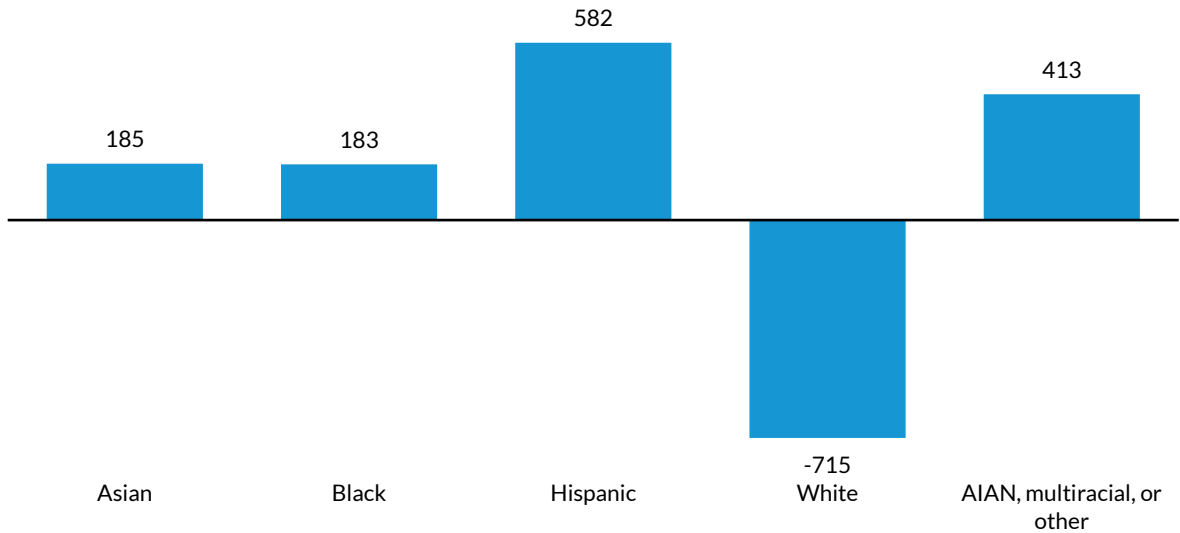
Source: 2012 and 2021 one-year American Community Surveys.

Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of new homeowners in Milwaukee County that are homeowners and an outflow of households that are no longer homeowners in Milwaukee. On average, Milwaukee County registered 648 net homeowners per year from 2012 to 2021. During that period, the county added 582 net Hispanic homeowners, on average, per year, 183 net Black homeowners, and 185 net Asian homeowners, in addition to 413 net American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races (figure 43). In contrast, the county lost an average of 715 white homeowners on net each year.

FIGURE 43

Annual Average of Net Homeowners, by Race or Ethnicity, in Milwaukee County, 2012–21



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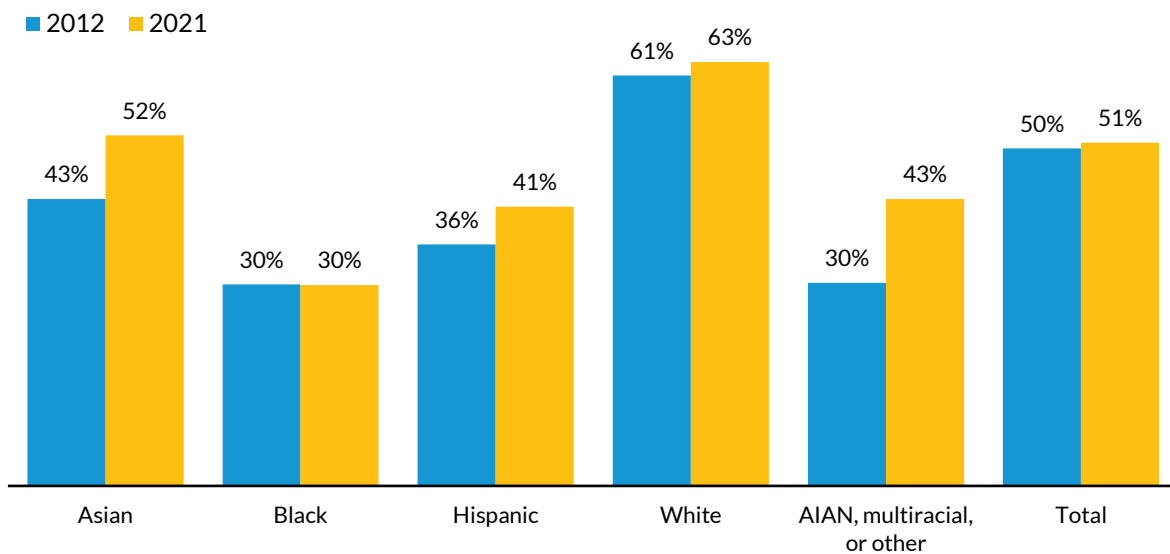
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

The Black homeownership rate in 2021 is similar to the Black homeownership rate in 2012 (figure 44). In contrast, the homeownership rates for white, Asian, Hispanic, American Indian or Alaska Native, and multiracial households and households of other races are higher in 2021 than in 2012, with the greatest increase among Asian households. The white homeownership rate remains above that for homeowners of color.

FIGURE 44

Homeownership Rates, by Race or Ethnicity, Milwaukee County



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Source: 2012 and 2021 one-year American Community Surveys.

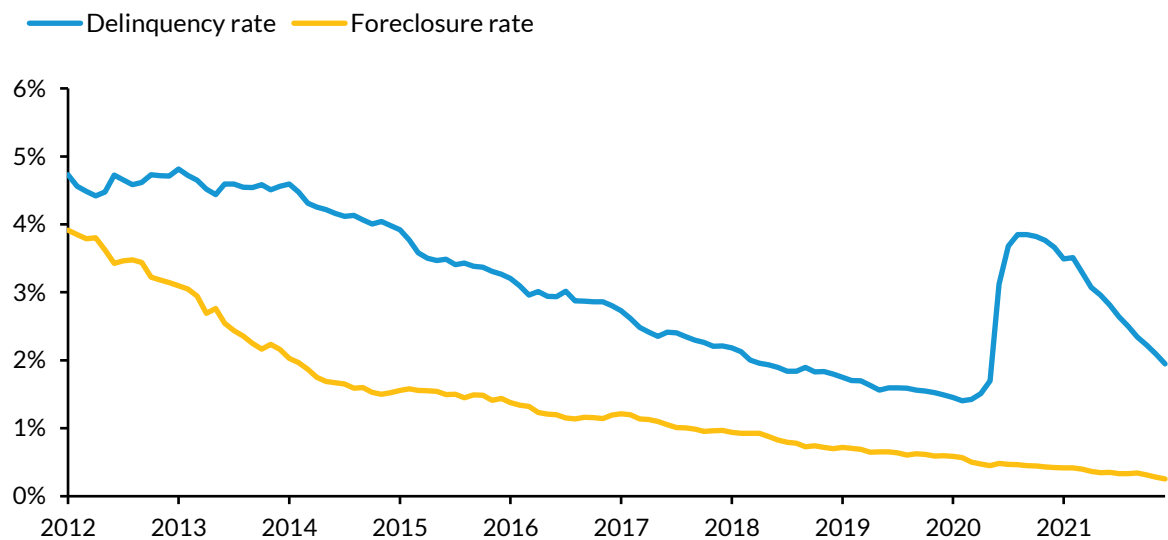
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 8, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net change in the number of homeowners of color is also related to homeownership sustainability. The 90-day mortgage delinquency rate and the foreclosure rate have fallen since the Great Recession (figure 45). But the mortgage delinquency rate jumped in response to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 45

90-Day Mortgage and Delinquency Rates in Milwaukee County



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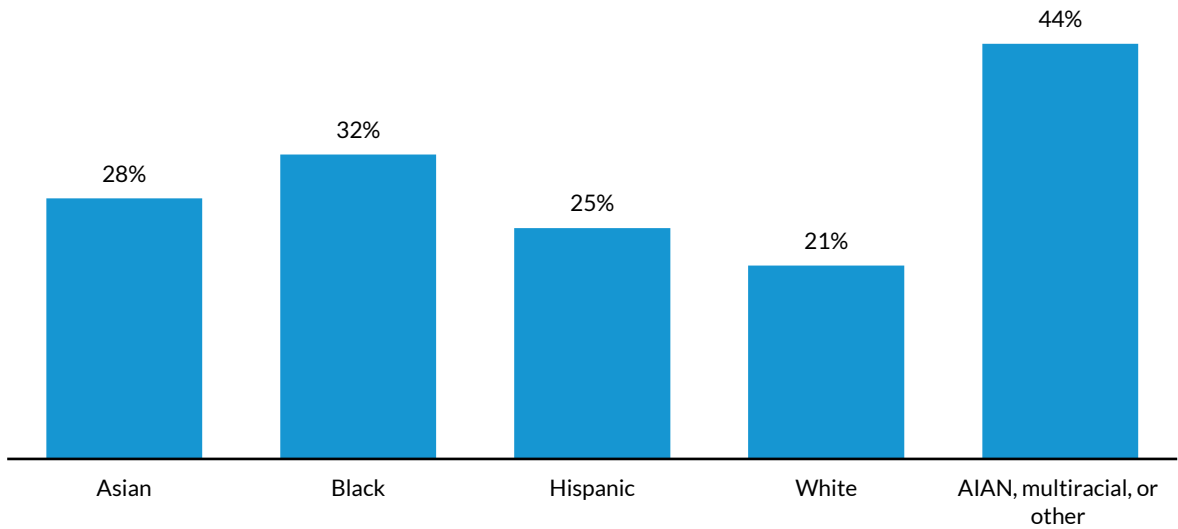
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color, excluding American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races, face housing precarity (figure 46). This makes these homeowners vulnerable if they experience job loss or even sharp home price appreciation. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 46

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in Milwaukee County



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Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

New York City

Homeownership is critical for wealth building and housing stability. But households of color living in New York City are less likely than white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among Black, Hispanic, American Indian or Alaska Native, and multiracial households and households of other races. The homeownership rate of Asian households is on par with that of white households.

Several factors contribute to these homeownership disparities. For example, although the mortgage denial rate was lower in 2021 than in 2012, purchase mortgage applicants of color are more likely than white applicants to be denied. And the higher denial rates among applicants of color may bar their ability to access a mortgage and purchase a home. And this may inform the collaborative’s strategy targeting the lack of capital for residents of color.

TABLE 10
Homeownership Rates and Number of Households, by Tenure, Race, and Ethnicity, in New York City

	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Homeownership rate	43%	28%	17%	42%	34%
Number of homeowner households	193,498	183,707	146,726	513,824	50,577
Number of renter households	233,002	463,205	707,242	671,087	101,027

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 58 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

BOX 7

The New York City Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the New York collaborative has set out several strategies that will boost net new homeowners of color by the end of 2025. These include the following:

- Launch an interagency network of public, private, and nonprofit partners to leverage relationships and existing services to reach more consumers and to generate efficiencies in identifying, guiding, and stabilizing homeownership for households of color in New York City. The network partners will represent professionals from homeownership counseling, lending, brokerage, legal, advocacy, outreach, and government services.
- Address the lack of capital availability for residents of color by developing and leveraging a loan loss reserve and open access fund to make and insure mortgages made to borrowers with nontraditional credit sources and expanding outreach for households that need down payment or closing cost assistance.
- Advocate for city and state capital investments to build affordable homeownership projects and community land trusts, as well as policy changes that create new homeownership options.

New York City's Baseline

The baseline market analysis described below illustrates the need and the potential for the New York collaborative's strategies to boost homeownership for households of color. After looking at the racial and ethnic composition of renters, who are potential future homebuyers, the market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in home purchase activities, this analysis describes housing sustainability to provide a comprehensive picture of changes in net homeowners.

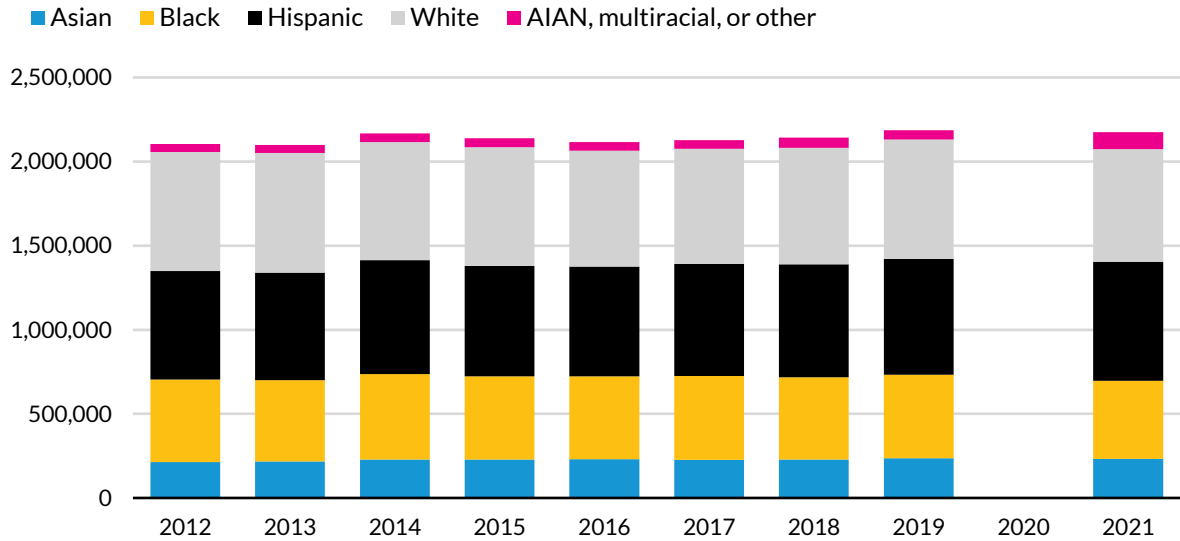
Racial and Ethnic Demographics of Renter Households

In 2021, 2.2 million renter households were living in New York City (figure 47). Renter households of color accounted for 69 percent of households living in the city. Hispanic households accounted for 33 percent of renter households, and Black households represented 21 percent. Asian households made up

11 percent, and American Indian or Alaska Native households, multiracial households, and households of other races represented 5 percent of all renter households.

FIGURE 47

Number of Renter Households, by Race or Ethnicity, in New York City



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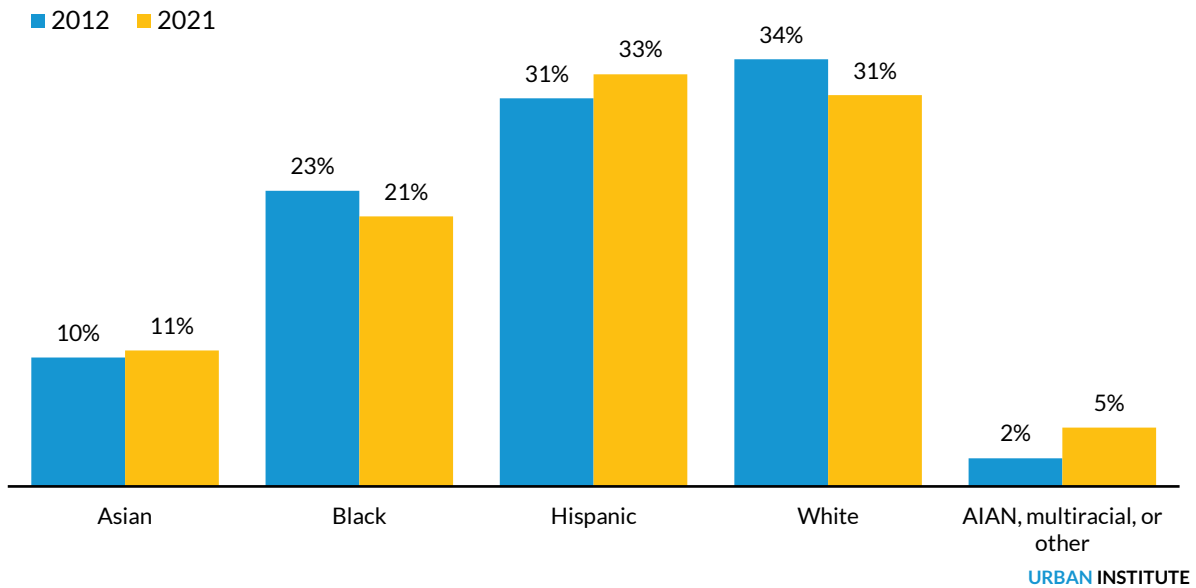
Source: 2012–21 one-year American Community Surveys.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government’s ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

From 2012 to 2021, the share of white renter households declined from 34 percent to 31 percent, while the percentage of renter households of color increased (figure 48). The share of Hispanic renter households rose from 31 percent to 33 percent, the percentage of Asian renter households increased from 10 percent to 11 percent, and the proportion of American Indian or Alaska Native households, multiracial households, and households of other races increased from 2 percent to 5 percent. But the share of Black renter households fell from 23 percent to 21 percent.

FIGURE 48

Distribution of Renter Households, by Race or Ethnicity, in New York City



Source: 2012 and 2021 one-year American Community Surveys.

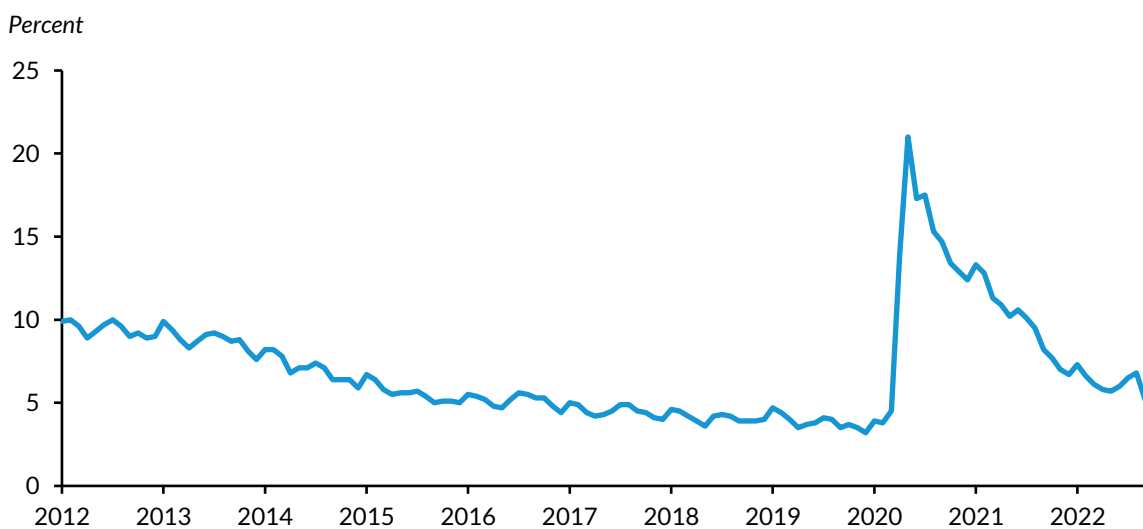
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In May 2020, at the end of the most recent recession, the unemployment rate in New York City peaked at 21.0 percent (figure 49). The city's unemployment rate began to recover in June 2020 and currently sits at 5.2 percent, 2.0 percentage points above the prepandemic low of 3.2 percent.

FIGURE 49

Unemployment Rate in New York City



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Source: Bureau of Labor Statistics.

But renter households are more likely than homeowner households to be unemployed (table 11). And overall, households of color have higher unemployment rates than white households. At the intersection of race and tenure, renters of color have higher unemployment rates than white renters, and for each racial and ethnic group, renters have higher unemployment rates than homeowners.

TABLE 11

Unemployment Rate, by Race, Ethnicity, and Tenure, in New York City

	All	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Total	6.4%	5.1%	8.7%	8.0%	4.4%	6.9%
Owner	5.1%	4.8%	6.7%	5.9%	4.0%	5.4%
Renter	7.2%	5.4%	9.8%	8.5%	4.7%	7.8%

Source: 2021 one-year American Community Survey.

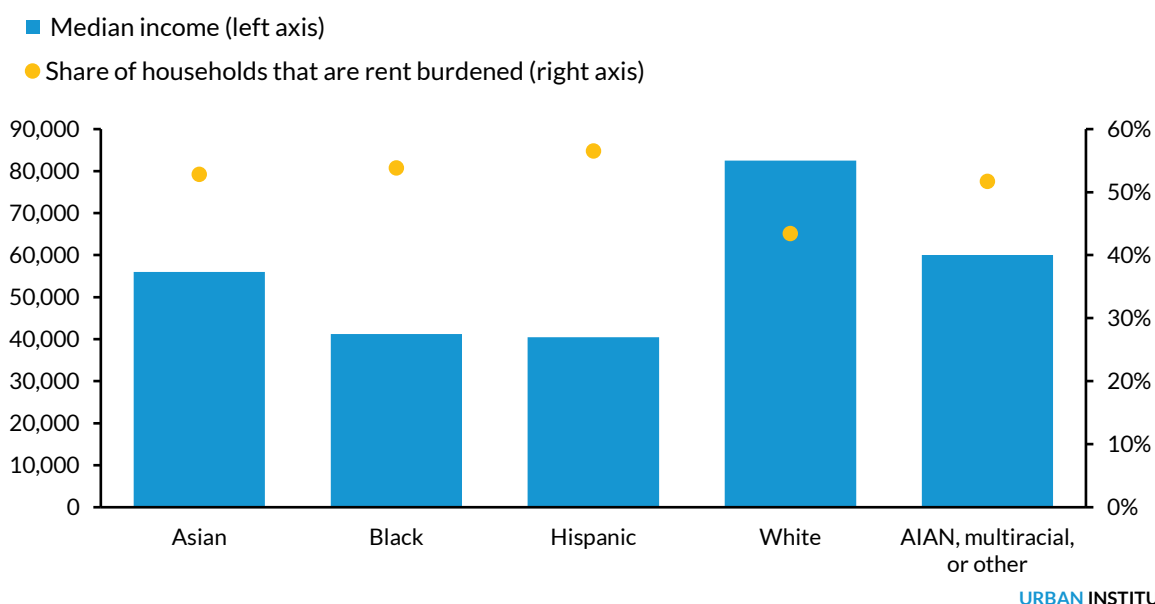
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 49 is based on the civilian population.

Rental Burden

Between 2012 and 2021, the median renter household income increased 33 percent to \$53,369. But these numbers mask differences by race and ethnicity. On average, the median renter household of color had a lower income relative to the median white renter household from 2016 to 2020 (figure 50). And lower household incomes contribute to the greater share of renter households of color being rent burdened.

FIGURE 50

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in New York City



Source: 2016–20 five-year American Community Survey.

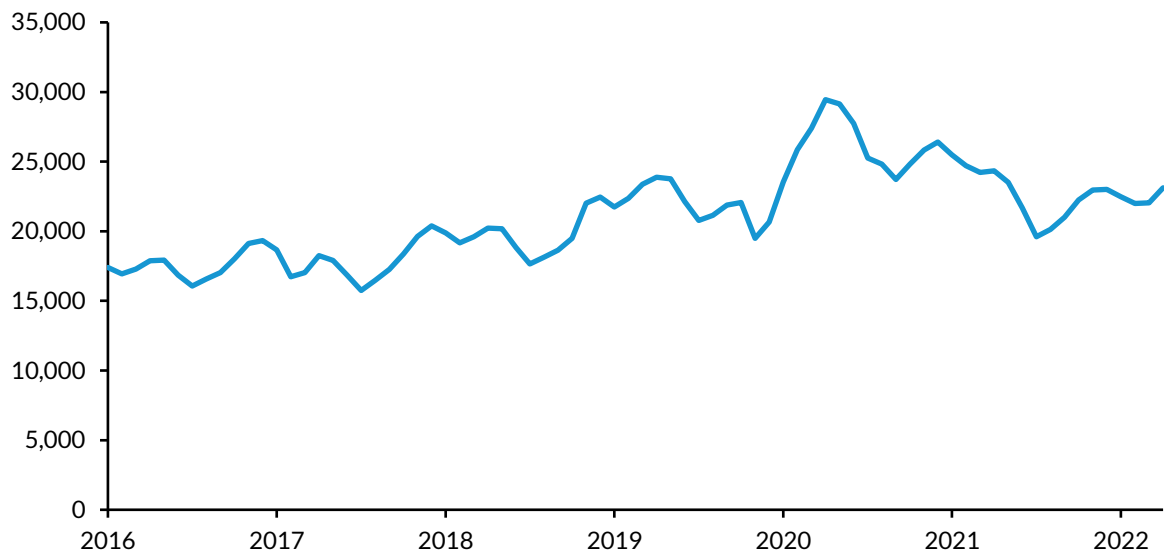
Note: AIAN = American Indian or Alaska Native.

Housing Supply

In addition to the factors that boost housing demand, a healthy housing supply is important. But for-sale supply has fallen, as fewer homes are being listed for sale (figure 51). Between October 2020 and October 2022, the number of new listings fell from 29,450 to 23,133.

FIGURE 51

Total Listings in New York City



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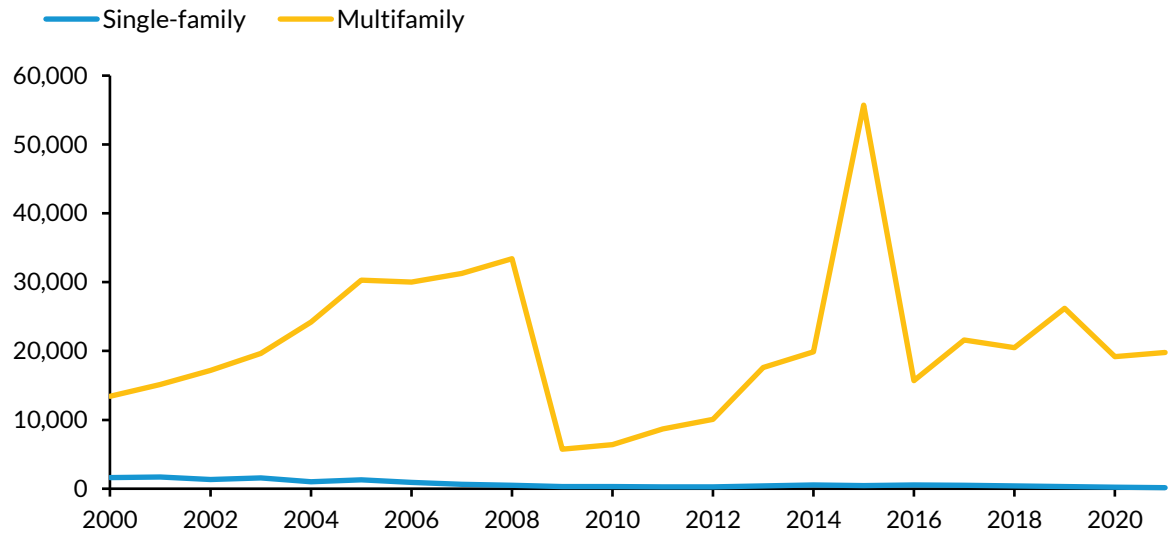
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

And the pace of new construction has not sustainably surpassed levels established during the 2000s (figure 52). The 151 single-family permits in New York over 2021 is only 9 percent of the 1,701 permits in 2001. Although there is significantly more multifamily construction activity relative to single-family construction activity, the current pace of multifamily construction has moderated. In 2021, owners occupied 40 percent of two-unit buildings, 19 percent of units in three-to-five-unit buildings, and 2 percent of larger buildings (DHPD 2022).

FIGURE 52

Single-Family and Multifamily Residential Construction Permits in New York City



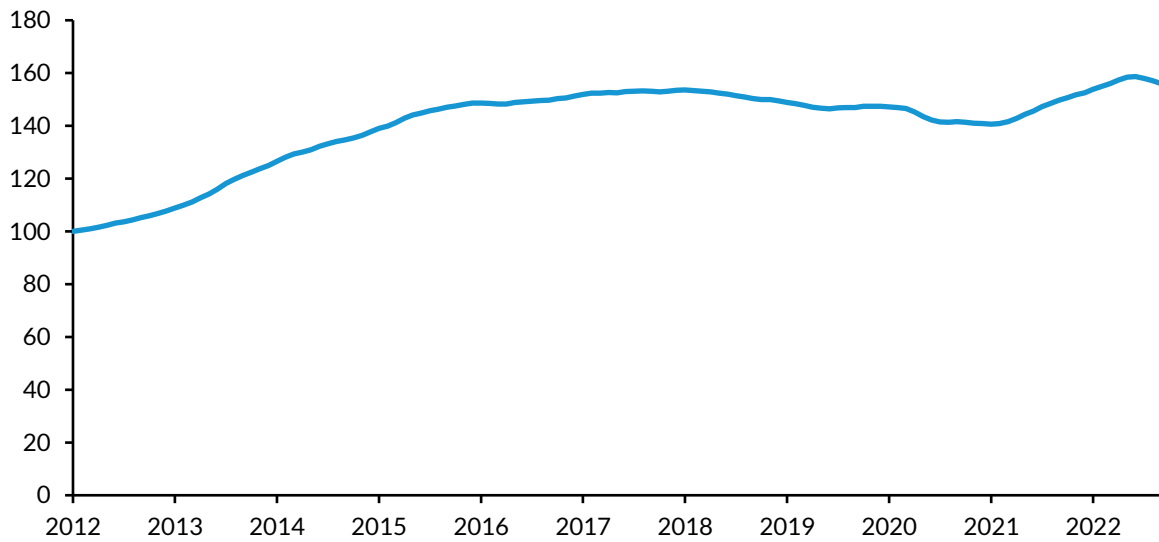
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market.

FIGURE 53

House Price Index in New York City



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Source: Black Knight.

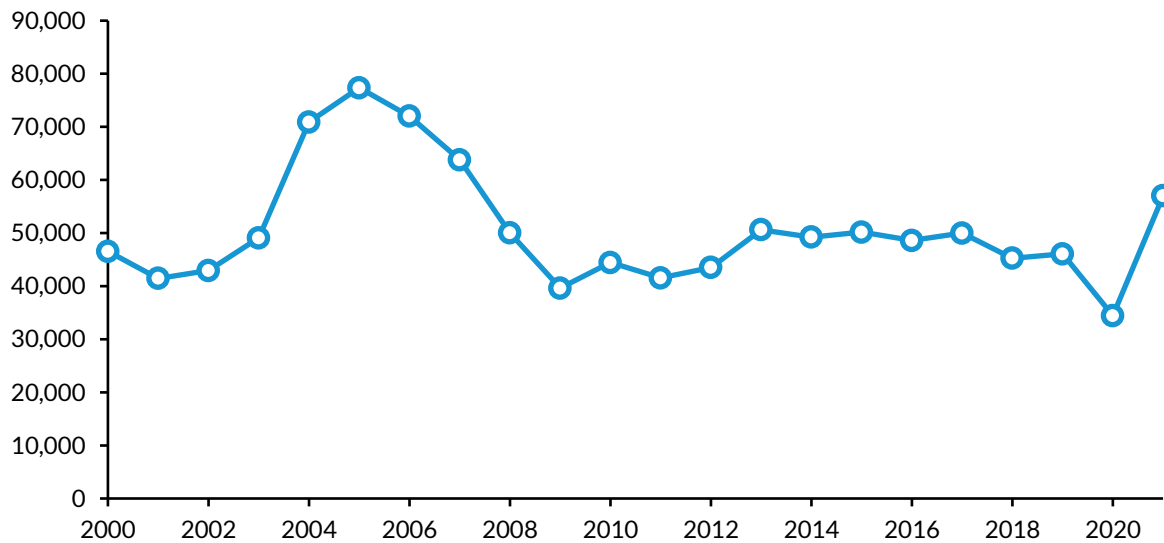
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across New York City, an estimated 57,014 homes were sold in 2021, 31 percent more than in 2012 (43,500) but 74 percent of the number sold in 2005 (77,360) (figure 54).

FIGURE 54

Annual Home Sales in New York City



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Source: CoreLogic MarketTrends.

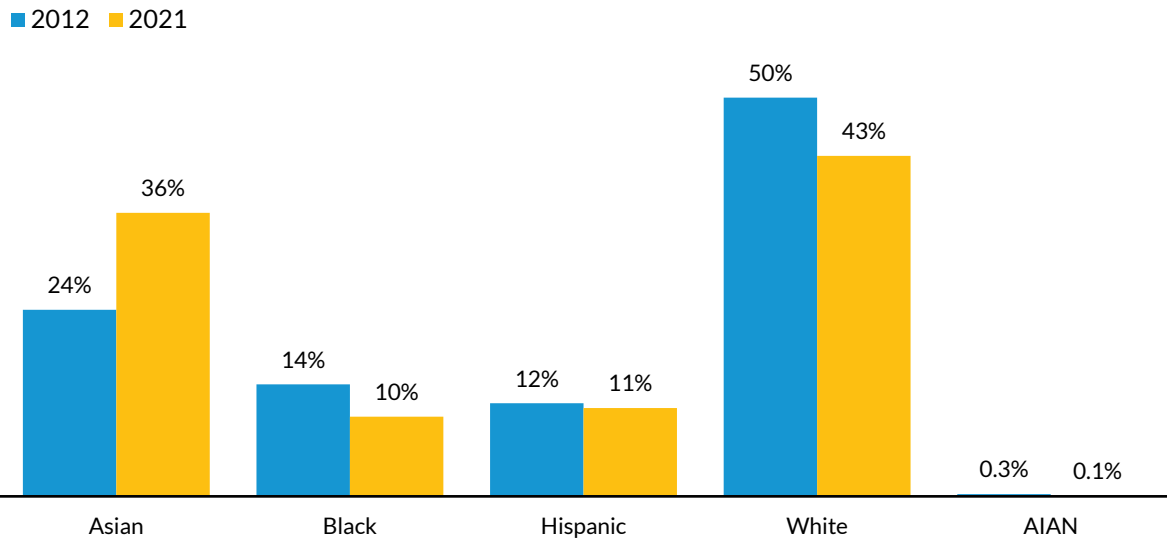
Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

In 2021, 49,376 mortgages were originated to purchase a home in New York City. White borrowers accounted for 43 percent of these purchase loans, while borrowers of color represented 57 percent. Thirty-six percent of all purchase originations went to Asian borrowers, 11 percent went to Hispanic borrowers, and 10 percent were originated to Black borrowers. The share of purchase loans originated for American Indian or Alaska Native borrowers was statistically zero.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated for borrowers of color increased (figure 55). But the expansion in purchase loans to borrowers of color reflected only a 12 percentage-point increase for Asian mortgaged homebuyers. In contrast, the share of loans originated to Black and Hispanic borrowers fell by 4 and 1 percentage points, respectively.

FIGURE 55

Share of Purchase Mortgages, by Race or Ethnicity, in New York City



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Source: 2012 and 2021 HMDA data.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

In 2021, 10 percent of white applicants were denied a mortgage, the lowest share of any race or ethnicity. Meanwhile, 38 percent of American Indian or Alaska Native applicants, 32 percent of Black applicants, 31 percent of Hispanic applicants, and 23 percent of Asian applicants were denied a mortgage.

But denial rates were lower in 2021 relative to 2012. The denial rate for white applicants fell from 21 percent to 10 percent. Among applicants of color, the denial rate fell from 38 percent to 34 percent for American Indian or Alaska Native applicants, from 32 percent to 19 percent for Black applicants,, from 31 percent to 17 percent for Hispanic applicants, and from 23 percent to 10 percent for Asian applicants.

TABLE 12

Denial Rates, by Race or Ethnicity, in New York City

	Asian	Black	Hispanic	White	AIAN
2012	23%	32%	31%	21%	38%
2021	10%	19%	17%	10%	34%

Source: 2021 one-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

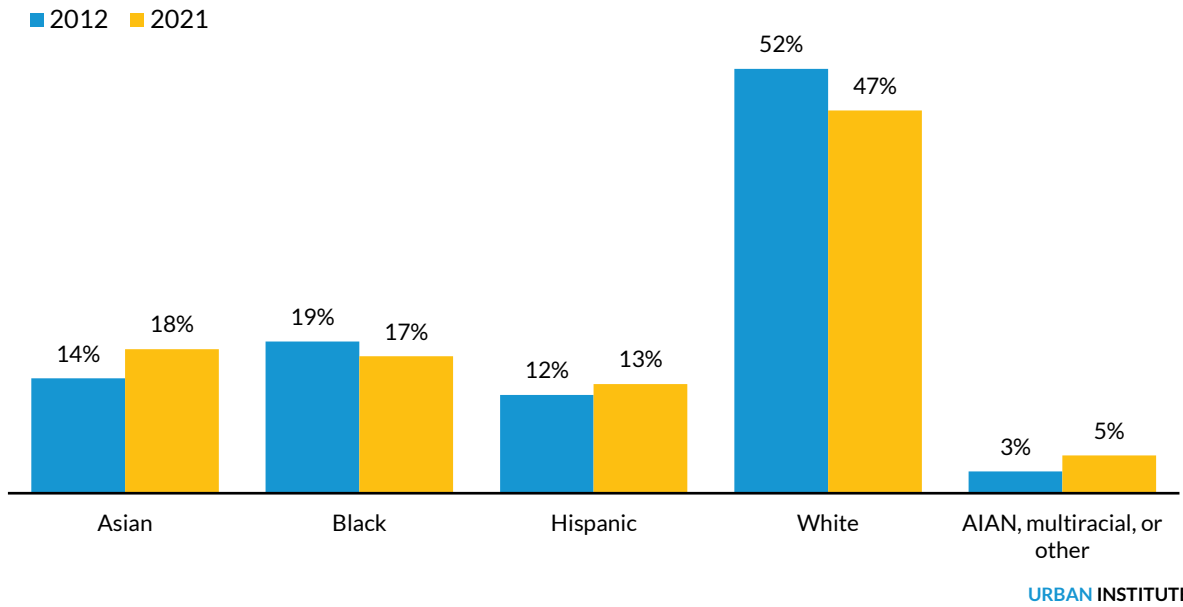
Homeownership Trends

There were approximately 1.1 million homeowners in New York City in 2021; 53 percent were homeowners of color, and 47 percent were white. Asian households accounted for 18 percent of homeowners, Black households represented 17 percent, Hispanic households were 13 percent, and American Indian or Alaska Native households, multiracial households, and households of other races represented 5 percent.

In 2012, white households accounted for 52 percent of homeowners in New York City, and households of color represented the remaining 48 percent (figure 56). The increase in the share of homeowners of color reflects growth in the percentage of Asian homeowners, from 14 percent to 18 percent, the proportion of Hispanic homeowners, from 12 percent to 13 percent, and the proportion of American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races, from 3 percent to 5 percent. But the share of Black homeowners fell from 19 percent to 17 percent.

FIGURE 56

Share of Homeowner Households, by Race or Ethnicity, in New York City



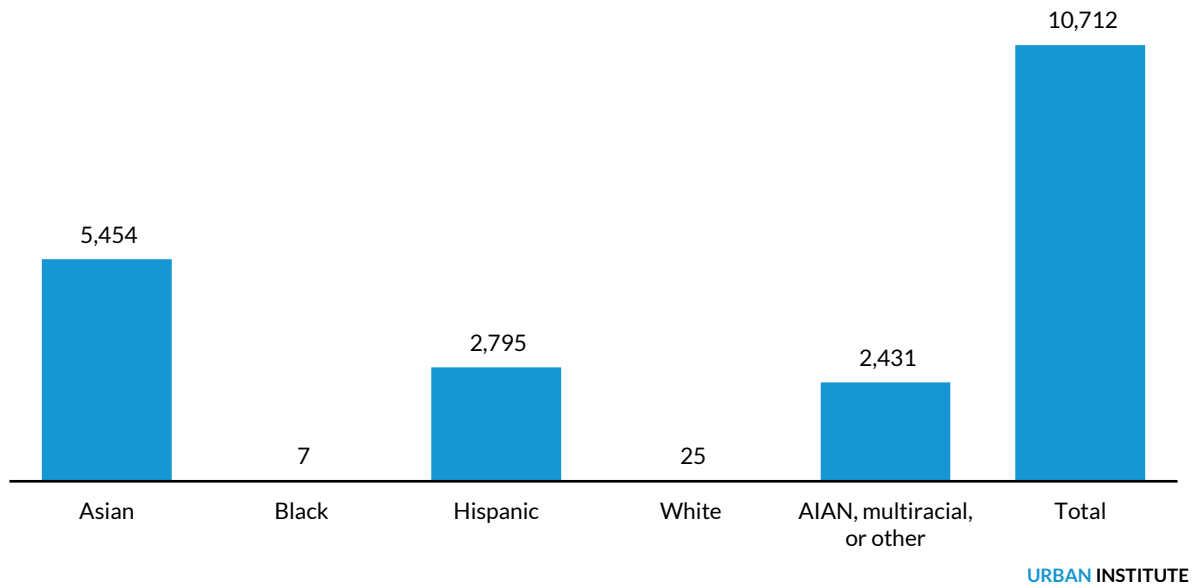
Source: 2012 and 2021 one-year American Community Surveys.

Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of new homeowners in New York City that are homeowners and an outflow of those households that are no longer homeowners in the city. And this average annual increase reflects net growth among homeowners of color. Between 2012 and 2021, 5,454 net Asian homeowners were added per year, in addition to 2,795 net Hispanic homeowners; 2,431 net American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races; and 7 net Black homeowners (figure 57). In contrast, the number of net white homeowners fell by 25, on average, each year.

FIGURE 57

Annual Average of Net Homeowners, by Race or Ethnicity, in New York City, 2012–21



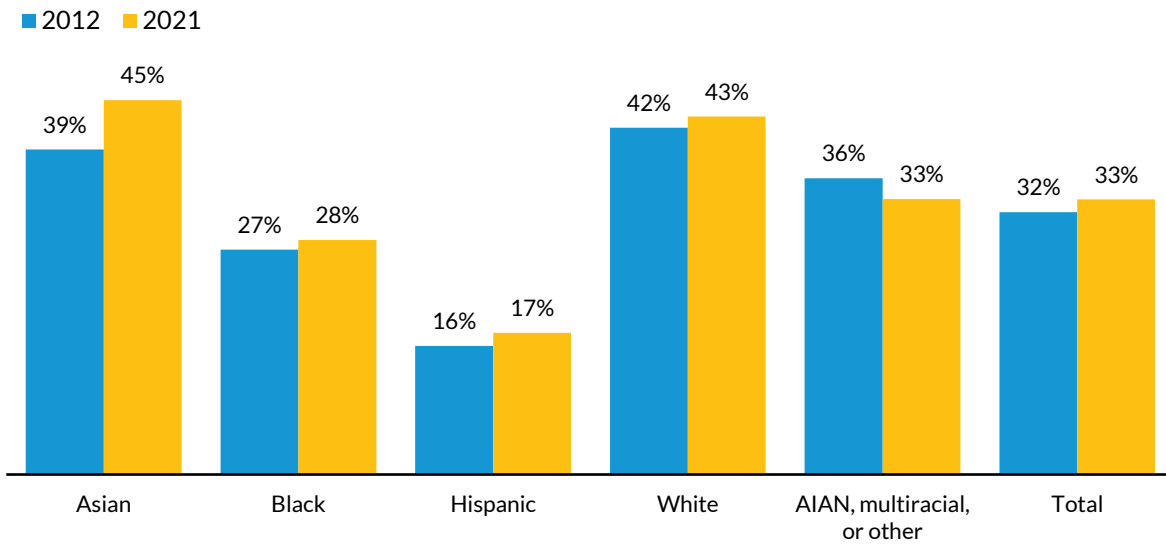
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

Amid stronger growth in net new homeowners of color from 2012 to 2021, the homeownership rate among households of color overall has increased (figure 58). Homeownership rates for each racial or ethnic group rose, but only Asian households have a homeownership rate similar to that of white households.

FIGURE 58

Homeownership Rates, by Race or Ethnicity, in New York City



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Source: 2012 and 2021 one-year American Community Surveys.

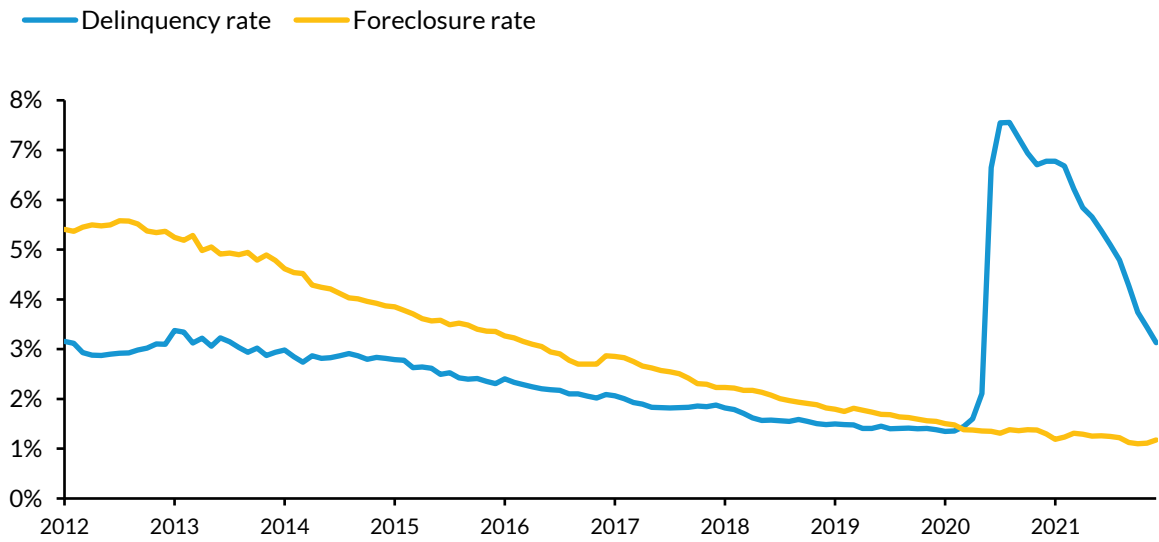
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 10, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net change in the number of homeowners of color is also related to homeownership sustainability. The 90-day mortgage delinquency rate and the foreclosure rate have fallen since the Great Recession (figure 59). But the mortgage delinquency rate jumped in response to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 59

90-Day Mortgage and Delinquency Rates in New York City



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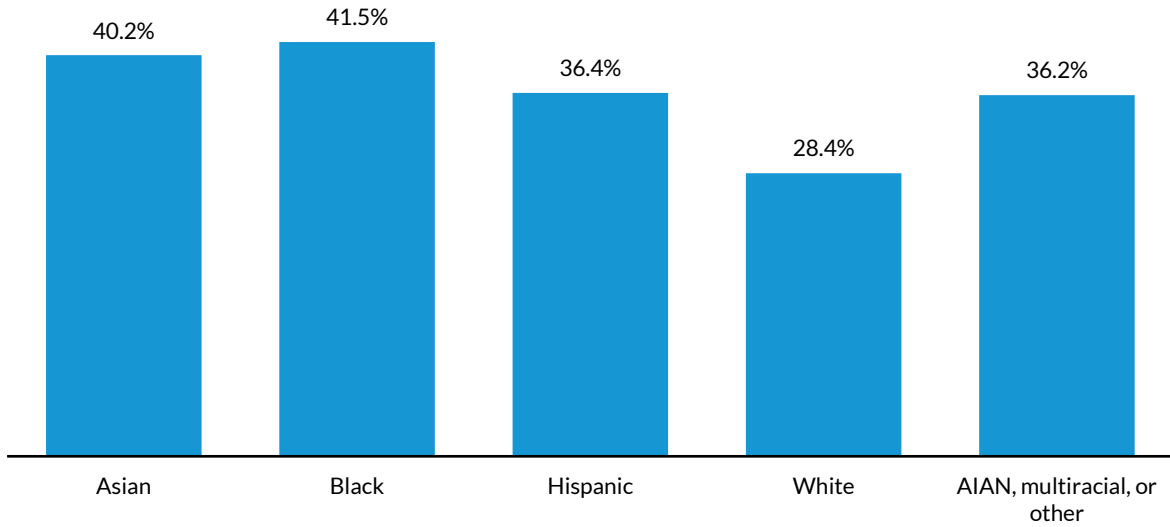
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color face housing precarity (figure 60), as they are more likely to pay higher housing costs relative to their income. This makes these homeowners more vulnerable if they experience job loss or even sharp home price changes. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 60

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in New York City



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Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Philadelphia

Homeownership is critical for wealth building and housing stability. But households of color living in Philadelphia, Pennsylvania, are less likely than white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among each nonwhite racial or ethnic group.

Several factors contribute to these homeownership disparities. A larger share of renters of color are rent burdened relative to white renter households. This may partly reflect lower incomes for the median renter of color. The ability to accumulate financial resources is limited when renters pay at least 30 percent of their household income for rent. And this may inform the collaborative’s strategy partnership with the Pennsylvania Housing Finance Agency to pilot adjustments to its down payment assistance program.

TABLE 13
Homeownership Rates and Number of Households, by Tenure, Race, or Ethnicity, in Philadelphia

	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Homeownership rate	62%	50%	49%	57%	46%
Number of homeowner households	26,831	128,738	39,181	143,141	12,641
Number of renter households	16,229	130,554	41,444	107,110	15,047

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 72 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

BOX 8

The Philadelphia Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the Philadelphia collaborative has set out several strategies that will boost net new homeowners of color by the end of 2025. These include the following:

- Deliver “light” direct assistance to buyers earning 100 to 150 percent of the area median income, and partner with the Pennsylvania Housing Finance Agency to pilot adjustments to its down payment assistance program.
- Increase the number of housing counselors to enable the flow of cash assistance and to preserve owners. Provide fees for service to the citywide network of housing counseling agencies. Strengthen the local network of HUD-certified housing counselors.
- Seed an affordable housing development fund for acquisition, rehabilitation, and sale of low-price homes, and promote use of the US Department of Housing and Urban Development's 203(k) program for repair and purchase.
- Provide education on homebuyer programs to BIPOC realtors and advocacy support to increase the number of BIPOC appraisers and help them serve more BIPOC buyers. Create wills at time of purchase to prevent future tangled titles. Work with officials and lenders to implement policies that increase access to financing.
- Engage a marketing firm to develop a multilingual BIPOC Homeownership Campaign. Establish a web-based gateway to essential information. Regularly engage a broad audience of potential homebuyers, including suburban BIPOC renters, who have higher incomes, on average, than city renters.

Philadelphia's Baseline

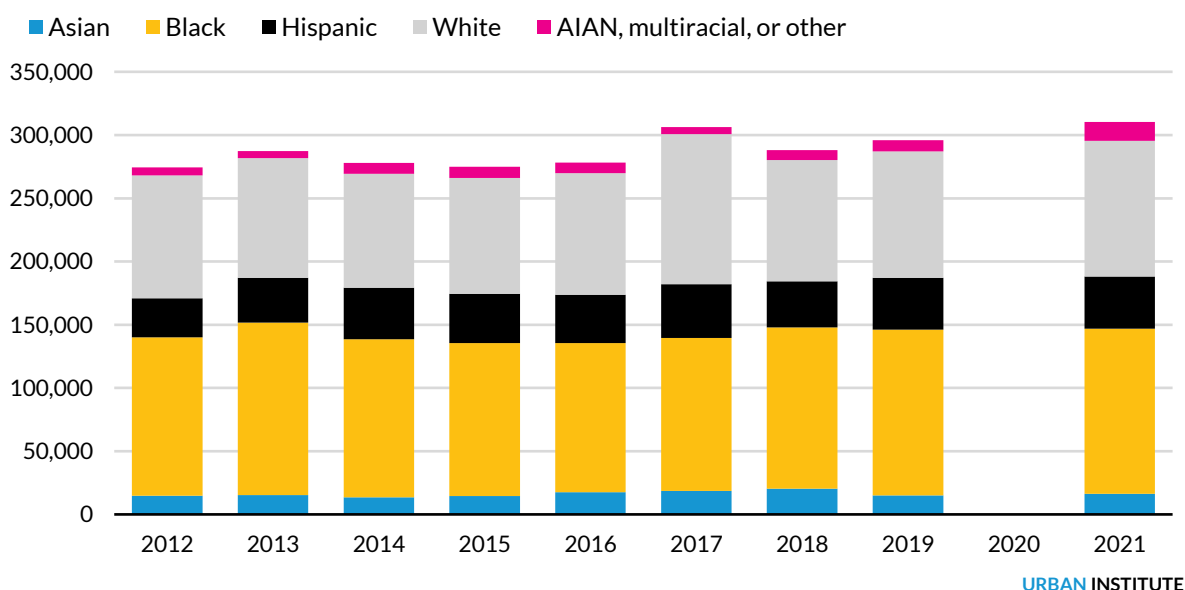
The baseline market analysis described below illustrates the need and the potential for the Philadelphia collaborative's strategies to boost homeownership for households of color. After looking at the racial and ethnic composition of renters, who are potential future homebuyers, the market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in home purchase activities, this analysis describes housing sustainability to provide a comprehensive picture of changes in net homeowners.

Racial and Ethnic Demographics of Renter Households

In 2021, 310,384 renter households lived in Philadelphia (figure 61). White households represented 35 percent of renter households, while households of color accounted for 65 percent. Black households, as measured by the race or ethnicity of the household head, accounted for 42 percent of all renter households, and Hispanic households represented 13 percent. Five percent were Asian households, and 5 percent were American Indian or Alaska Native households, multiracial households, or households of other races.

FIGURE 61

Number of Renter Households, by Race or Ethnicity, in Philadelphia



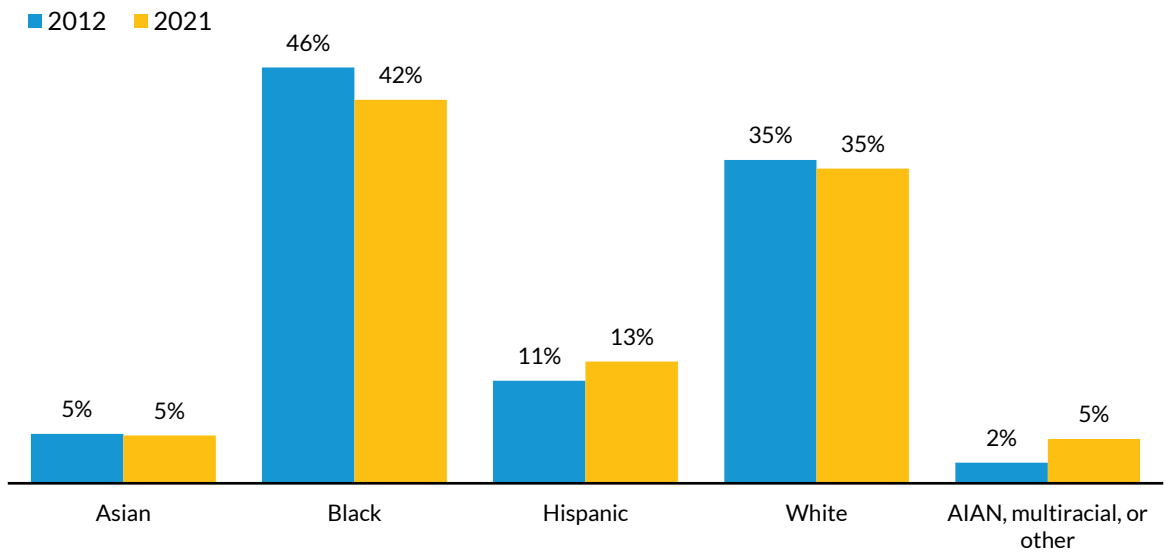
Source: 2012–21 one-year American Community Surveys.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government’s ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

From 2012 to 2021, the distribution of white renter households and renter households of color held steady at 35 percent and 65 percent, respectively (figure 62). But the share of Black renter households fell from 46 percent to 42 percent. In contrast, the share of Hispanic renter households rose from 11 percent to 13 percent, and the proportion of American Indian or Alaska Native renter households, multiracial renter households, or renter households of other races expanded from 2 percent to 5 percent. The share of Asian renter households held steady at 5 percent.

FIGURE 62

Distribution of Renter Households, by Race or Ethnicity, in Philadelphia



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Source: 2012 and 2021 one-year American Community Surveys.

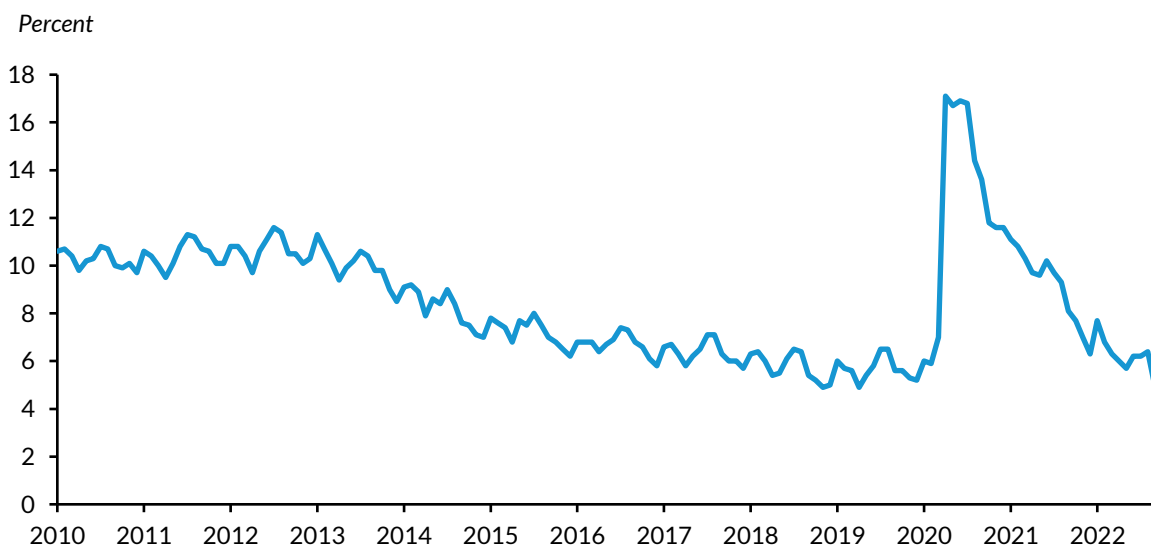
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In May 2020, at the end of the most recent recession, the unemployment rate in Philadelphia peaked at 16.7 percent (figure 63). The city’s unemployment rate began to recover in June 2020 and currently sits at 4.9 percent, equal to its pre-pandemic low.

FIGURE 63

Unemployment Rate in Philadelphia



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Source: Bureau of Labor Statistics.

But renter households are more likely than homeowner households to be unemployed (table 14). And with the exception of Asian households, households of color have higher unemployment rates relative to white households. At the intersection of race and tenure, renters of color have higher unemployment rates than white renters and, except for American Indian or Alaska Native households, multiracial households, and households of other races, renters have higher unemployment rates than homeowners.

TABLE 14

Unemployment Rate, by Race, Ethnicity, and Tenure, in Philadelphia

	All	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Total	8.7%	5.4%	12.3%	9.7%	5.4%	9.6%
Owner	7.7%	4.1%	11.2%	8.6%	4.9%	9.9%
Renter	9.9%	7.5%	13.6%	10.7%	6.0%	9.3%

Source: 2021 one-year American Community Survey.

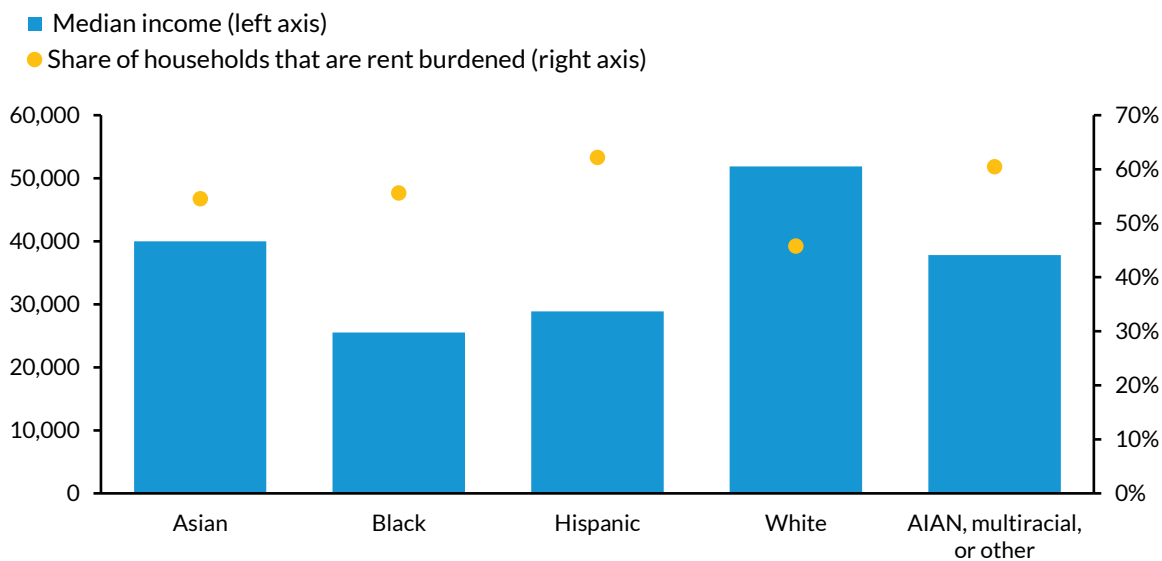
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 63 is based on the civilian population.

Rental Burden

From 2012 to 2021, the median renter household income rose 57 percent to \$40,432, and the median rent increased 34 percent to \$1,181. This led to a modest drop in the share of renters paying more than 30 percent of their income on rent from 57 percent in 2012 to 53 percent in 2021, though more than half of renters remain cost burdened. The current renter household income masks differences by race and ethnicity. On average, the median renter household of color had a lower income relative to the median white renter household from 2016 to 2020 (figure 64). And lower household incomes contribute to the greater share of renter households of color being cost burdened.

FIGURE 64

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in Philadelphia



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Source: 2016–20 five-year American Community Survey.

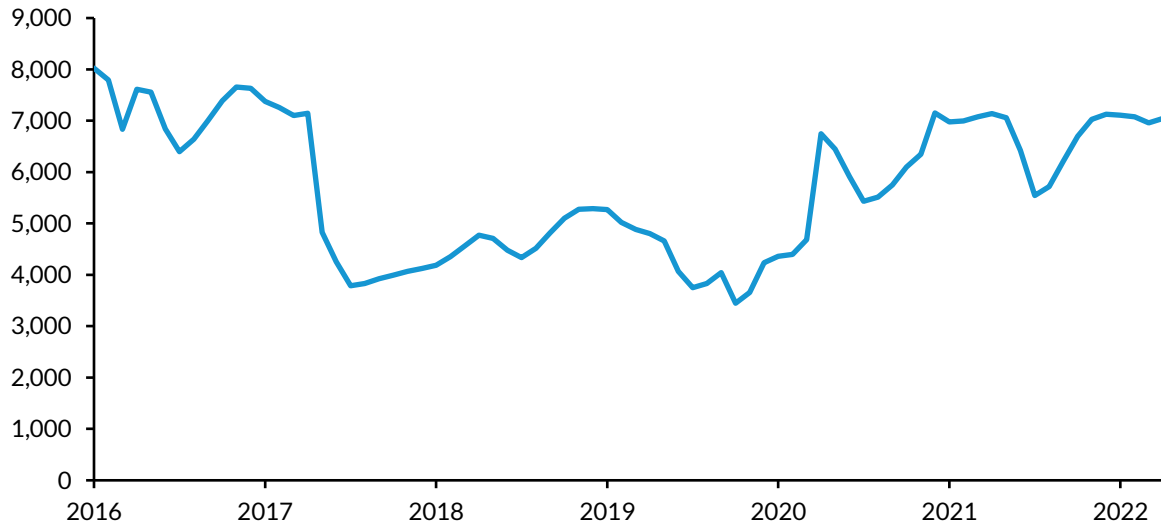
Note: AIAN = American Indian or Alaska Native.

Housing Supply

In addition to the factors that boost housing demand, a healthy housing supply is important. The total number of listings in Philadelphia has broadly increased since April 2020 (figure 65). But the total number of listings today sits at levels that are on par with the number of listings from six years ago.

FIGURE 65

Total Listings in Philadelphia



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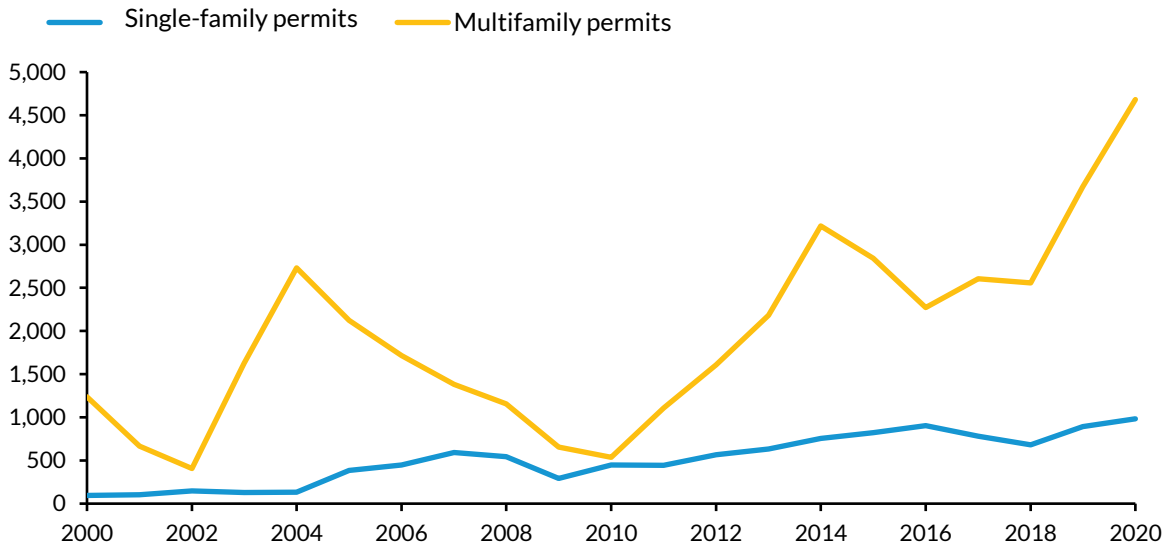
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

In addition, new construction has risen. And the increase in residential construction has occurred across both single-family and multifamily permits (figure 66). But amid a generally higher pace of residential construction, home prices have risen by 70 percent since 2012. Despite moderation in recent months, home prices remain elevated (figure 67).

FIGURE 66

Single-Family and Multifamily Residential Construction Permits in Philadelphia



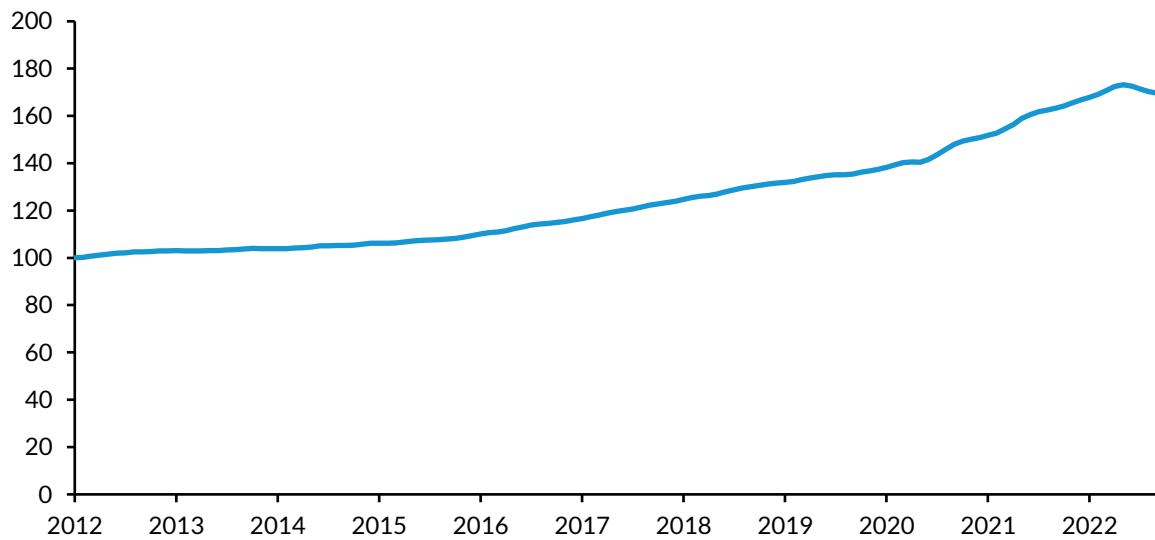
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market.

FIGURE 67

House Price Index in Philadelphia



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Source: Black Knight.

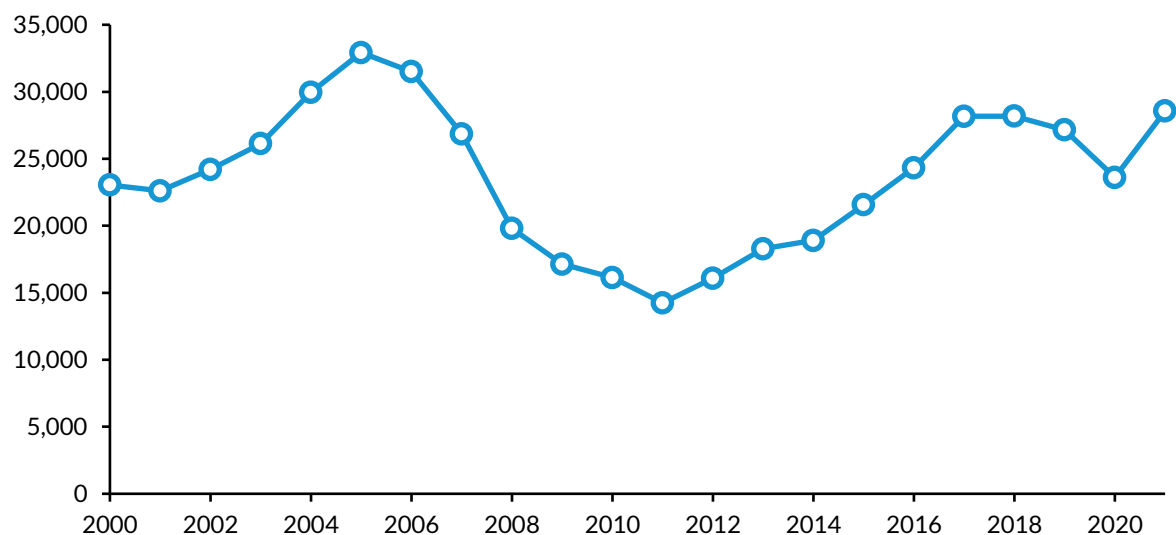
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across Philadelphia, 28,568 homes were sold in 2021, 78 percent more than in 2012 (16,083) but 87 percent of the number sold in 2005 (32,926) (figure 68).

FIGURE 68

Annual Home Sales in Philadelphia



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Source: CoreLogic MarketTrends.

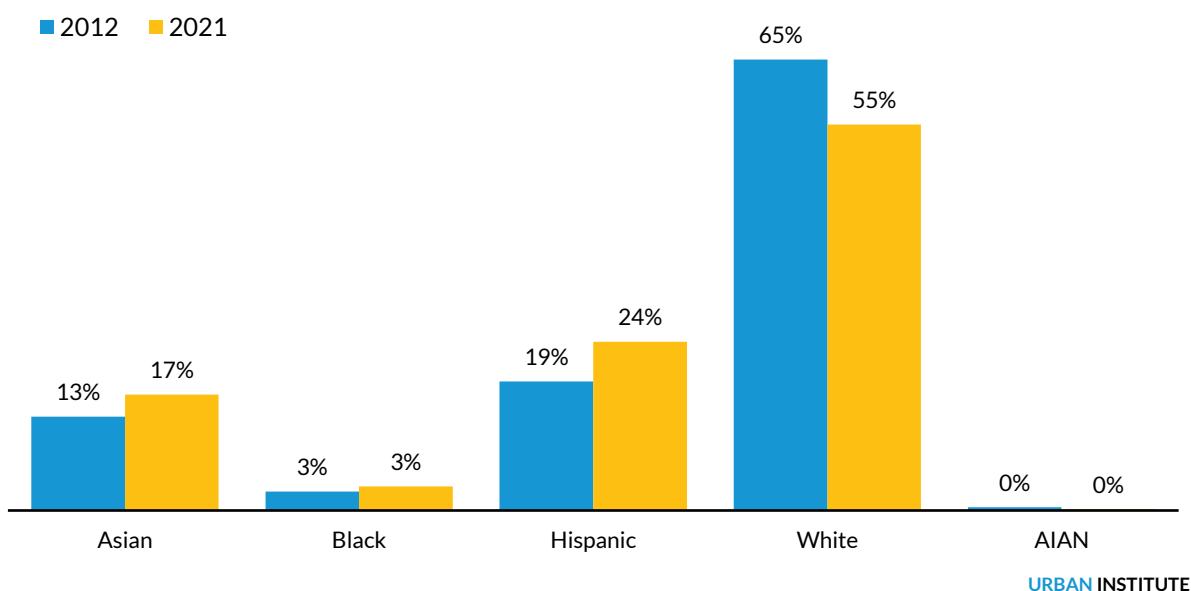
Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

In 2021, 38,525 mortgages were originated to purchase a home in Philadelphia. White borrowers accounted for 55 percent of these purchase loans, while borrowers of color represented 45 percent. Twenty-four percent of all purchase originations went to Hispanic borrowers, 17 percent went to Asian borrowers, and 3 percent went to Black borrowers. The share of purchase loans originated for American Indian or Alaska Native borrowers was statistically zero.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated for borrowers of color has increased (figure 69). But the expansion of purchase loans to borrowers of color only reflected a 5 percentage-point increase for Hispanic mortgaged homebuyers and a 4 percentage-point increase for Asian borrowers. In slight contrast, the share of loans originated for Black borrowers held steady.

FIGURE 69

Share of Purchase Mortgages, by Race or Ethnicity, in Philadelphia



Source: 2012 and 2021 HMDA data.

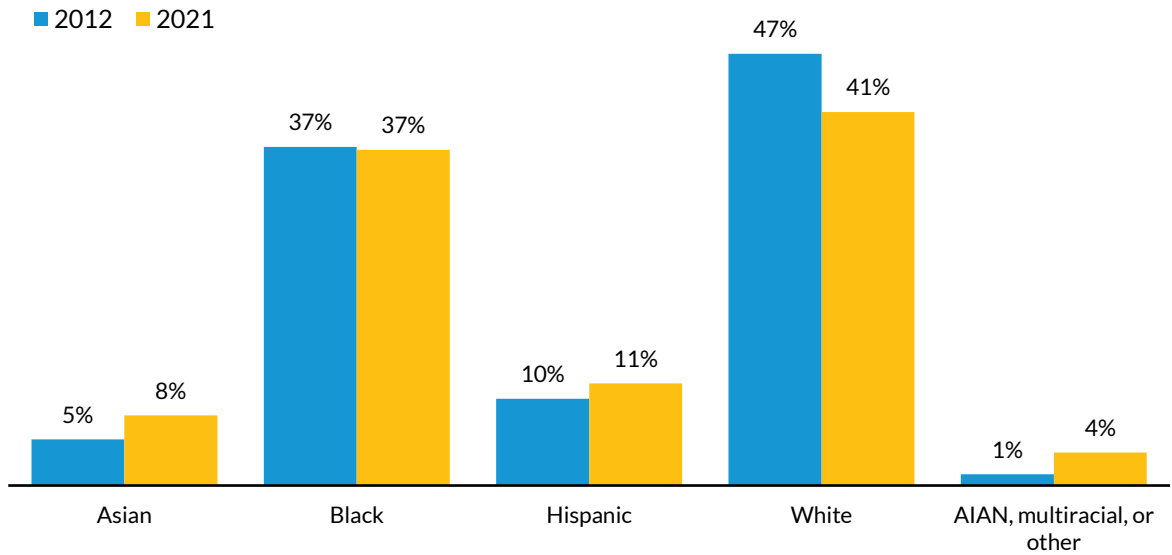
Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

Homeownership Trends

There were 350,532 homeowners in Philadelphia in 2021, compared with 305,570 in 2012. In 2021, homeowners of color accounted for 59 percent, up from 53 percent in 2012 (figure 70). The increase in the share of homeowners of color reflected growth in the percentage of Hispanic homeowners, from 10 percent to 11 percent, the proportion of Asian homeowners, from 5 percent to 8 percent, and the percentage of American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races, from 1 percent to 4 percent. But the share of Black homeowners held steady at 37 percent over this 10-year period.

FIGURE 70

Share of Homeowner Households, by Race or Ethnicity, in Philadelphia



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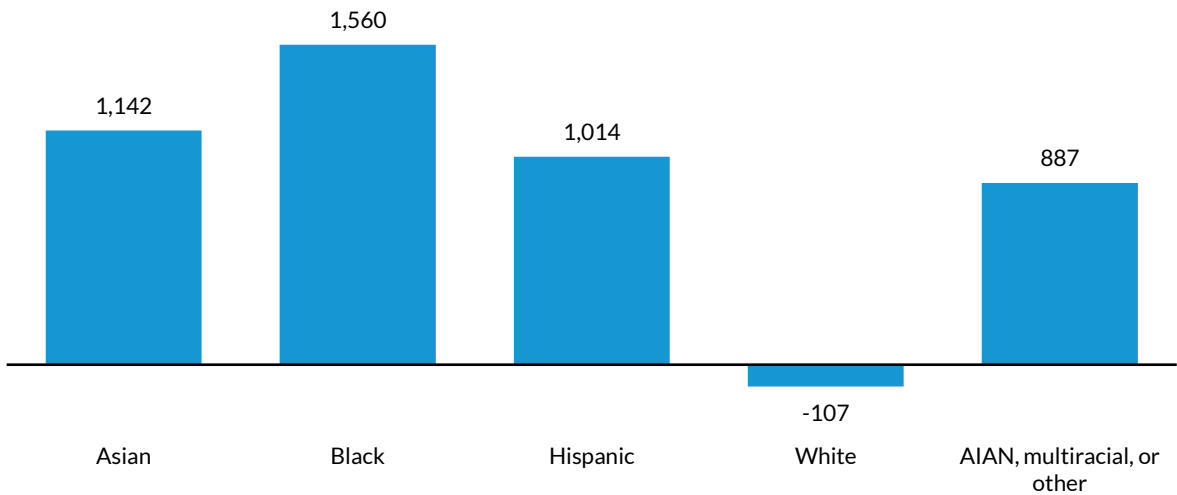
Source: 2012 and 2021 one-year American Community Surveys.

Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of new homeowners in Philadelphia that are homeowners and an outflow of those households that are no longer homeowners in Philadelphia. On average, Philadelphia has averaged 4,496 net homeowners per year from 2012 to 2021. And this average annual increase reflects net homeowners of color. Between 2012 and 2021, there were 1,560 net Black homeowners added per year, 1,142 net Asian homeowners, 1,014 net Hispanic homeowners, and 887 net American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races (figure 71). In contrast, the number of net white homeowners fell by 107 on average each year.

FIGURE 71

Annual Average of Net Homeowners, by Race or Ethnicity, in Philadelphia, 2012–21



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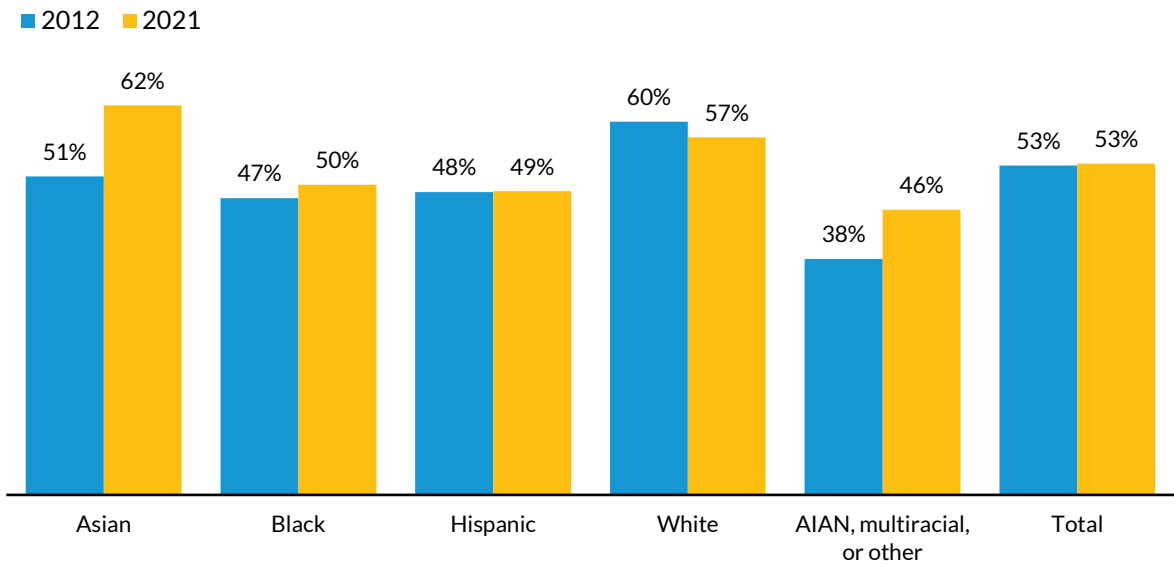
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

Amid stronger growth in net new homeowners of color on average from 2012 to 2021, the homeownership rate overall has increased (figure 72). The higher homeownership rate among households of color reflects 10-year increases within each racial or ethnic group. But white households still have a higher homeownership rate than most households of color, except Asian households.

FIGURE 72

Homeownership Rates, by Race or Ethnicity, in Philadelphia



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Source: 2012 and 2021 one-year American Community Surveys.

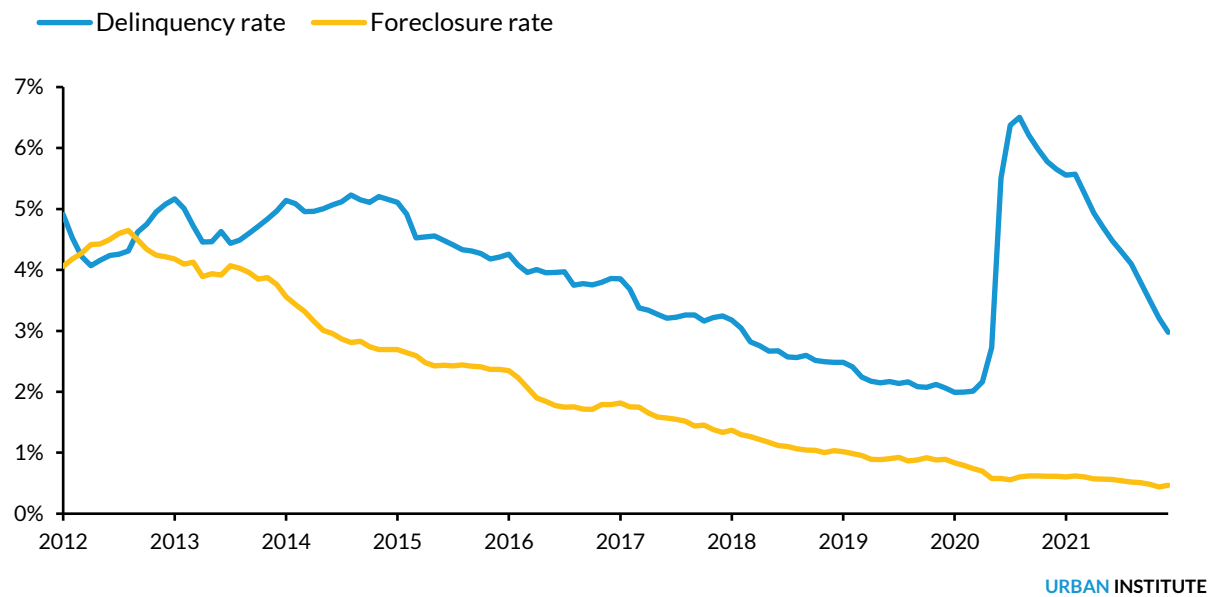
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 13, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net change in the number of homeowners of color is also related to homeownership sustainability. The 90-day mortgage delinquency rate and the foreclosure rate have fallen since the Great Recession (figure 73). But the mortgage delinquency rate jumped in response to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 73

90-Day Mortgage and Delinquency Rates in Philadelphia



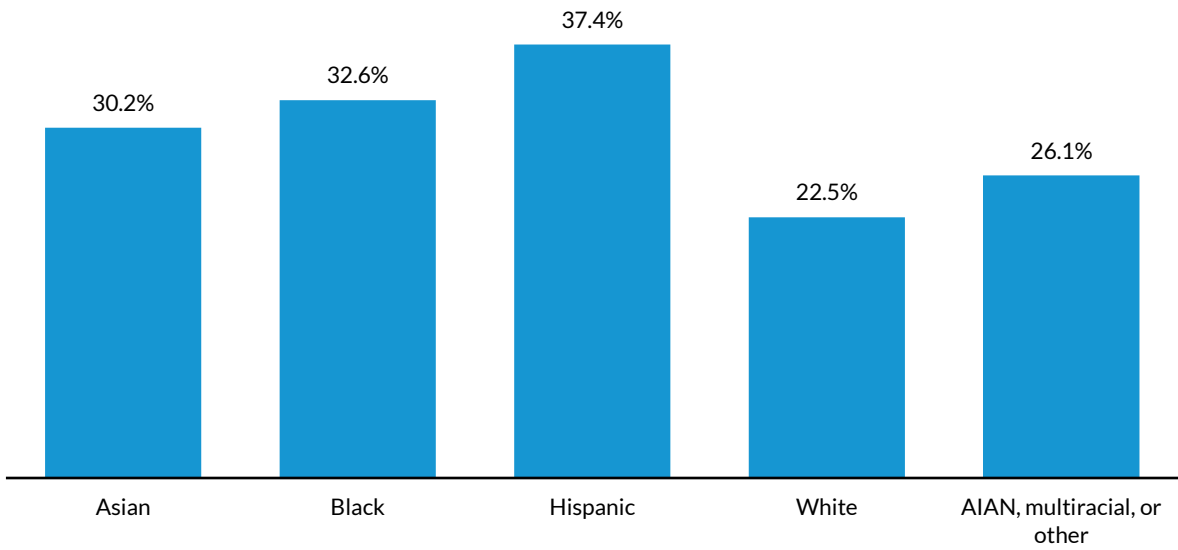
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color face housing precarity (figure 74). This makes these homeowners more vulnerable if they experience job loss or even sharp home price appreciation. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 74

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in Philadelphia



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Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Richmond

Homeownership is critical for wealth building and housing stability. But households of color living in the Richmond MSA in Virginia are less likely than white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among each nonwhite racial or ethnic group.

TABLE 15
Homeownership Rates, by Race or Ethnicity, in the Richmond Metro Area

	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Homeownership rate	38%	37%	28%	56%	28%
Number of homeowner households	971	14,336	1,429	26,932	1,317
Number of renter households	1,584	24,756	3,758	21,419	3,427

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 86 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

BOX 9

The Richmond Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the Richmond collaborative has set out several strategies that will boost net new homeowners of color by the end of 2025. These include the following:

- **Awareness.** Grassroots campaign to reach people with reliable, actionable information. Target will be mortgage-ready homebuyers and homebuyers who need other resources to become mortgage ready.
- **Readiness.** A financial counseling approach that will offer streamlined services across providers in the region through a shared platform. Target population will be homebuyers with credit and savings challenges who may also need referrals to down payment assistance.
- **Transactions.** Relying on relationships with Fannie Mae, create a pilot special purpose credit mortgage product in the Richmond market that would target BIPOC households and mirror generous underwriting terms like the FHA. Target population would be credit-challenged or low-income borrowers who would otherwise qualify with alternative means of credit.
- **Ongoing investment.** Funds advocacy for zoning and policy changes across the region to achieve more affordable units, incentives for development, and investment into the affordable housing ecosystem.

Richmond's Baseline

The baseline market analysis described below illustrates the need and the potential for the Richmond collaborative's strategies to boost homeownership for households of color. After looking at the racial and ethnic composition of renters, who are potential future homebuyers, the market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in home purchase activities, this analysis describes housing sustainability to provide a comprehensive picture of changes in net homeowners.

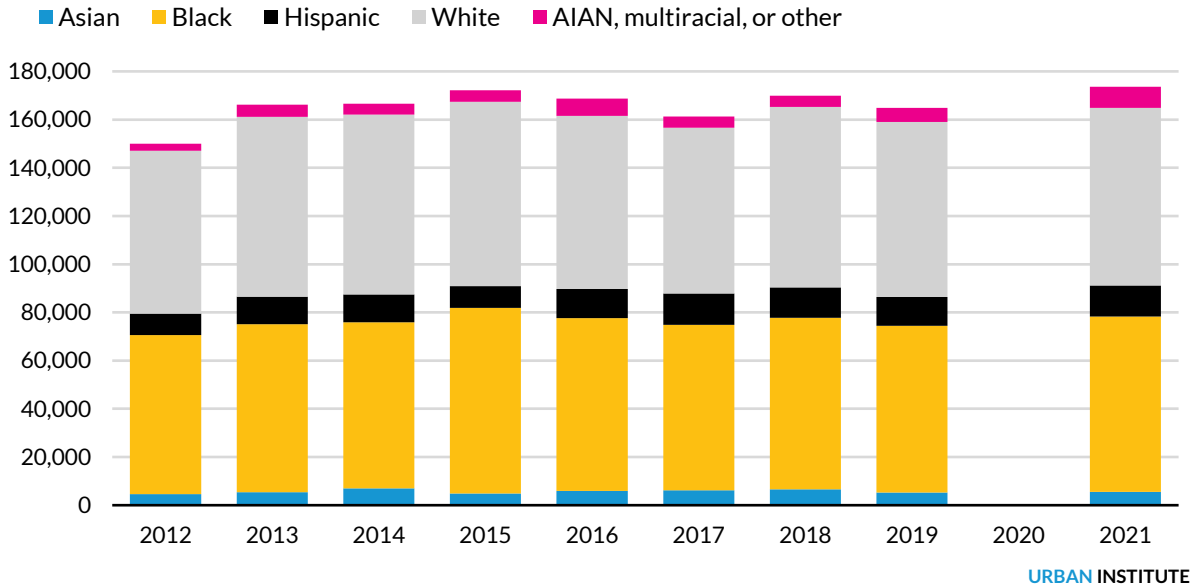
Racial and Ethnic Demographics of Renter Households

In 2021, 173,574 renter households lived in Richmond (figure 75). White households represented 42 percent of renter households, while households of color accounted for 58 percent. Black households, as

measured by the race or ethnicity of the household head, accounted for 42 percent. Hispanic households represented 7 percent; American Indian or Alaska Native households, multiracial households, and households of other races represented 5 percent; and Asian households accounted for 3 percent.

FIGURE 75

Number of Renter Households, by Race or Ethnicity, in the Richmond Metro Area



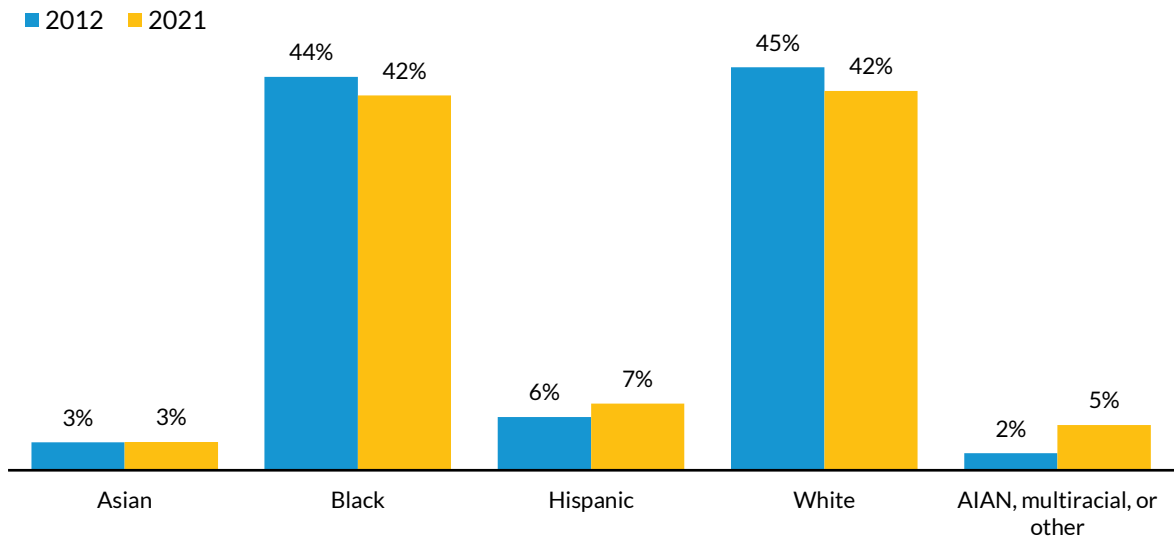
Source: 2012–21 one-year American Community Surveys.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government’s ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

From 2012 to 2021, the share of white renter households declined while the percentage of renter households of color increased (figure 76). The share of white renter households dropped from 45 percent to 42 percent, and the proportion of renter households of color increased from 55 percent to 58 percent. The Black renter share decreased from 44 percent to 42 percent. In contrast, the share of Hispanic renter households rose from 6 percent to 7 percent, and the proportion of American Indian or Alaska Native renter households, multiracial renter households, and renter households of other races increased from 2 percent to 5 percent, while the share of Asian renter households remained at 3 percent.

FIGURE 76

Distribution of Renter Households, by Race or Ethnicity, in the Richmond Metro Area



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Source: 2012 and 2021 one-year American Community Surveys.

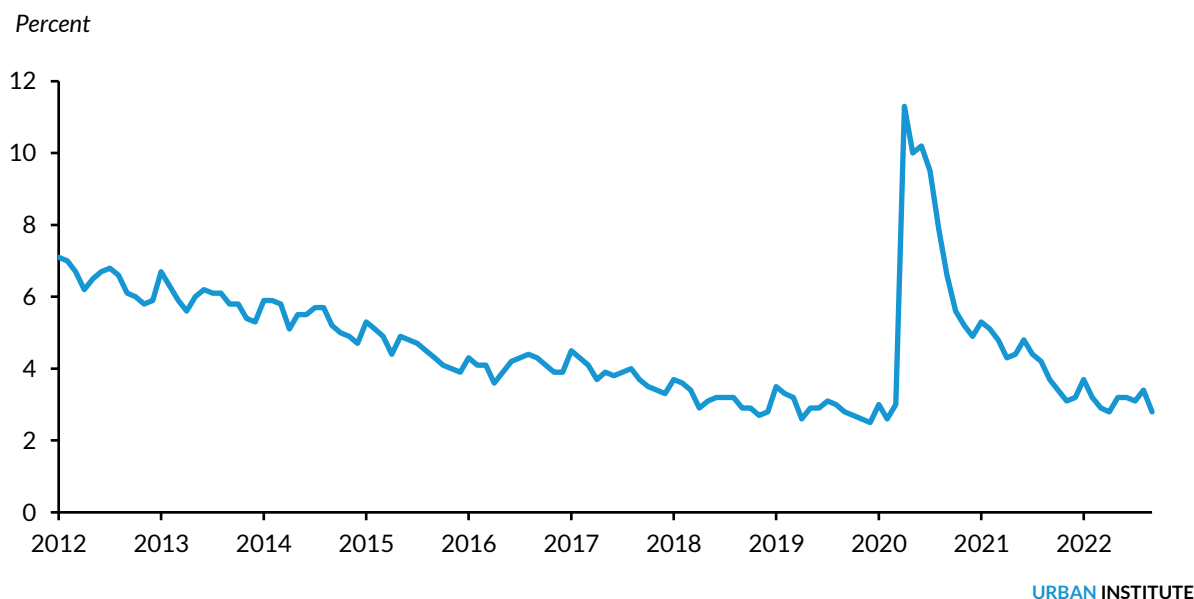
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In April 2020, at the end of the most recent recession, the unemployment rate across the Richmond MSA peaked at 11.3 percent (figure 77). The city’s unemployment rate began to recover in May 2020 and fell to 2.8 percent in September 2022, 0.3 percentage points above its pre-pandemic low.

FIGURE 77

Unemployment Rate in the Richmond Metro Area



Source: Bureau of Labor Statistics.

But renter households are more likely than homeowner households to be unemployed (table 16). And Black, Hispanic, American Indian or Alaska Native, and multiracial households and households of other races have higher unemployment rates than white households. At the intersection of race and tenure, renters of color have higher unemployment rates than white renters, while renters in each racial group, except Asian households and American Indian or Alaska Native households, multiracial households, and households of other races, have higher unemployment rates than their homeowner peers.

TABLE 16

Unemployment Rate, by Race, Ethnicity, and Tenure, in the Richmond Metro Area

	All	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Total	4.9%	2.6%	7.9%	4.3%	3.4%	8.6%
Owner	4.2%	3.1%	7.1%	3.5%	3.1%	9.2%
Renter	6.2%	1.7%	9.0%	4.9%	4.2%	7.8%

Source: 2021 one-year American Community Survey.

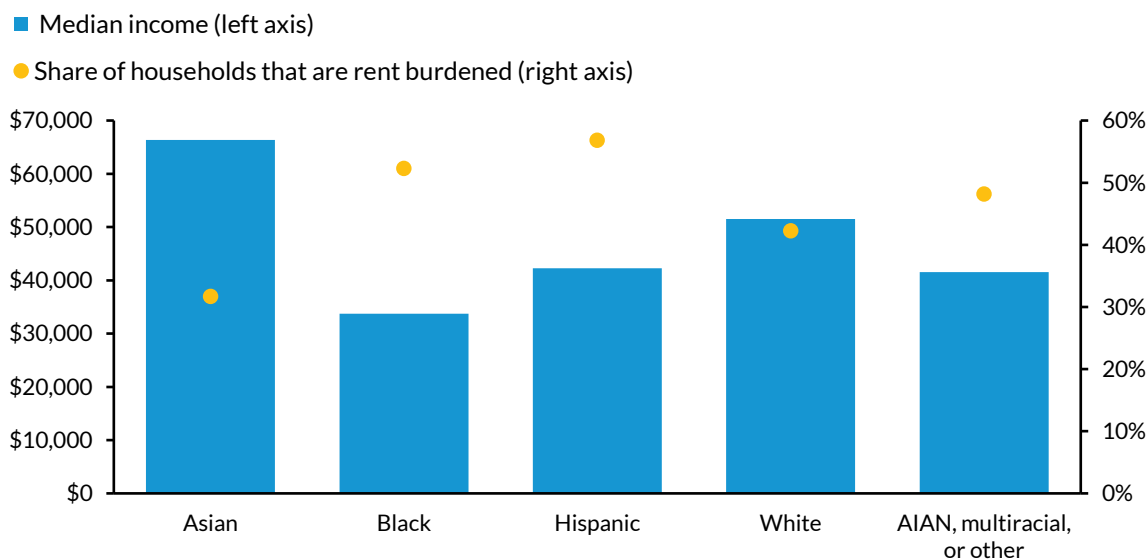
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 77 is based on the civilian population.

Rental Burden

From 2012 to 2021, the median renter household income rose 30 percent to \$44,300, and the median rent increased 29 percent to \$1,240. The percentage of renters that paid more than 30 percent of their income on rent fell from 49 percent to 48 percent. But these numbers mask differences by race and ethnicity. On average, the median renter household of color had a lower income relative to the median white renter household from 2016 to 2020 (figure 78). And lower household incomes correspond with a greater share of renter households of color, except Asian renters, being cost burdened.

FIGURE 78

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in the Richmond Metro Area



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Source: 2016–20 five-year American Community Survey.

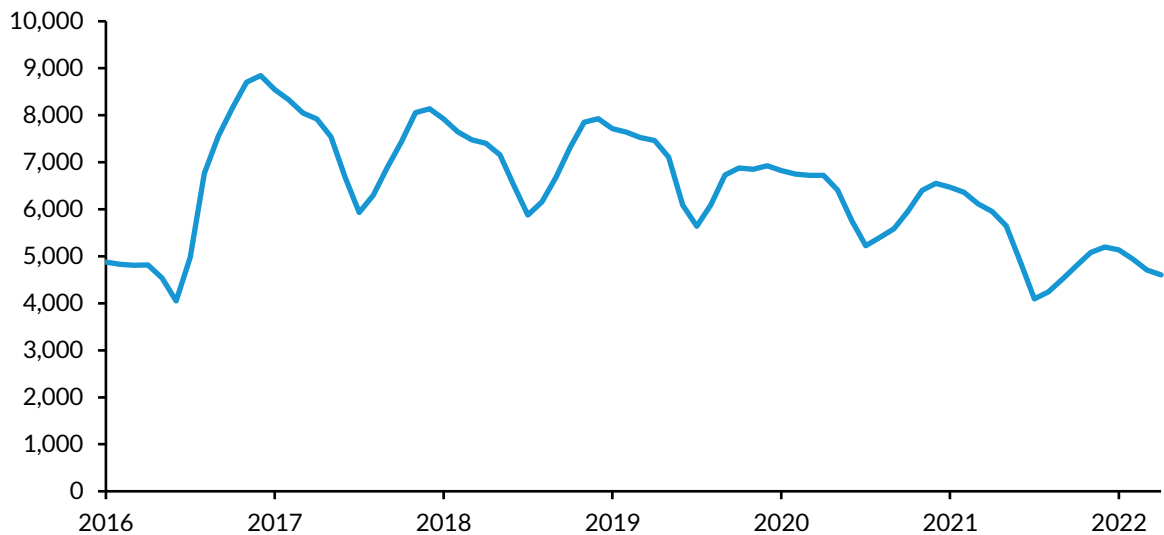
Note: AIAN = American Indian or Alaska Native.

Housing Supply

In addition to the factors that boost housing demand, a healthy housing supply is important. The total number of listings in the Richmond MSA has declined (figure 79). Since reaching 8,845 total listings in June 2017, the number of new listings fell to 5,200 in June 2022.

FIGURE 79

Total Listings in the Richmond Metro Area



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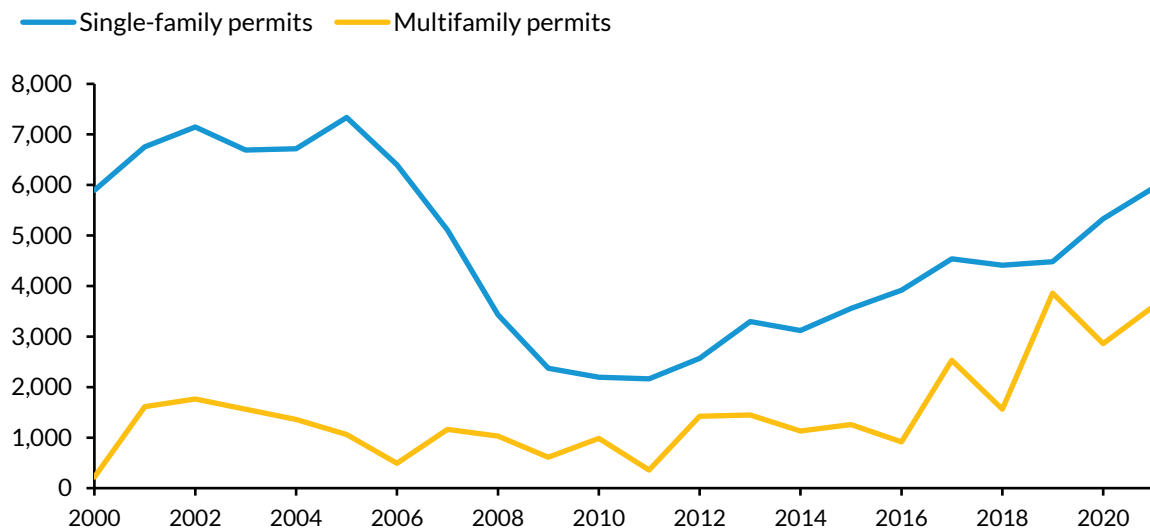
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

And single-family new construction has not significantly surpassed its peak levels during the 2000s (figure 80). Although the number of single-family residential permits rose 422 percent between 2012 and 2021, the 2021 pace of single-family permits, 502, is 96 percent of its 2005 level. In contrast, multifamily permits, which may be principally rental apartments, are 78 percent of their 2012 level but 160 percent of their 2002 level. Despite moderation in recent months, home prices have risen 85 percent since 2012 (figure 7).

FIGURE 80

Single-Family and Multifamily Residential Construction Permits in the Richmond Metro Area



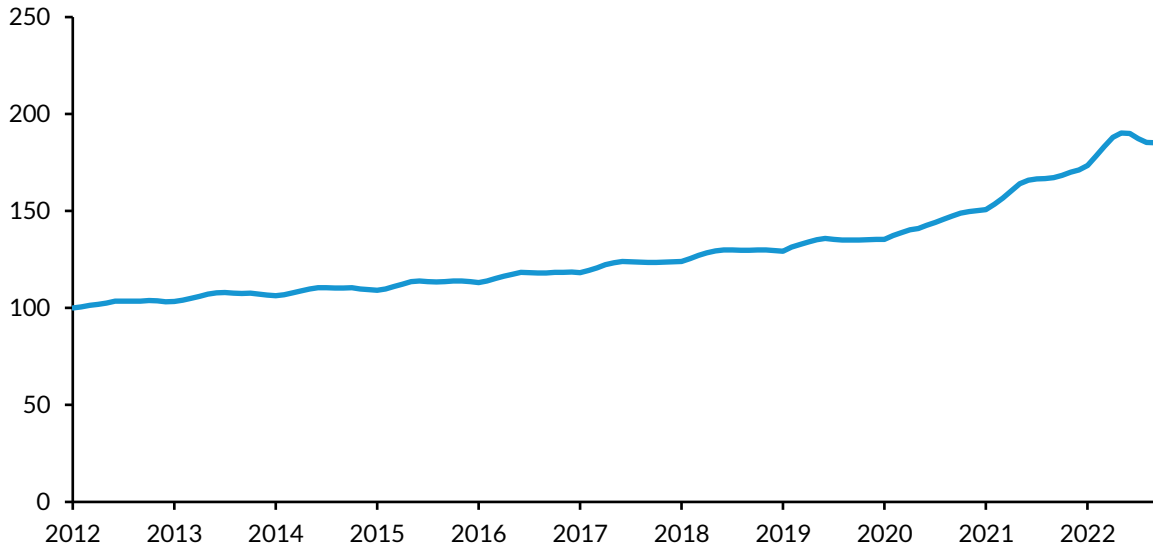
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market.

FIGURE 81

House Price Index in the Richmond Metro Area



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Source: Black Knight.

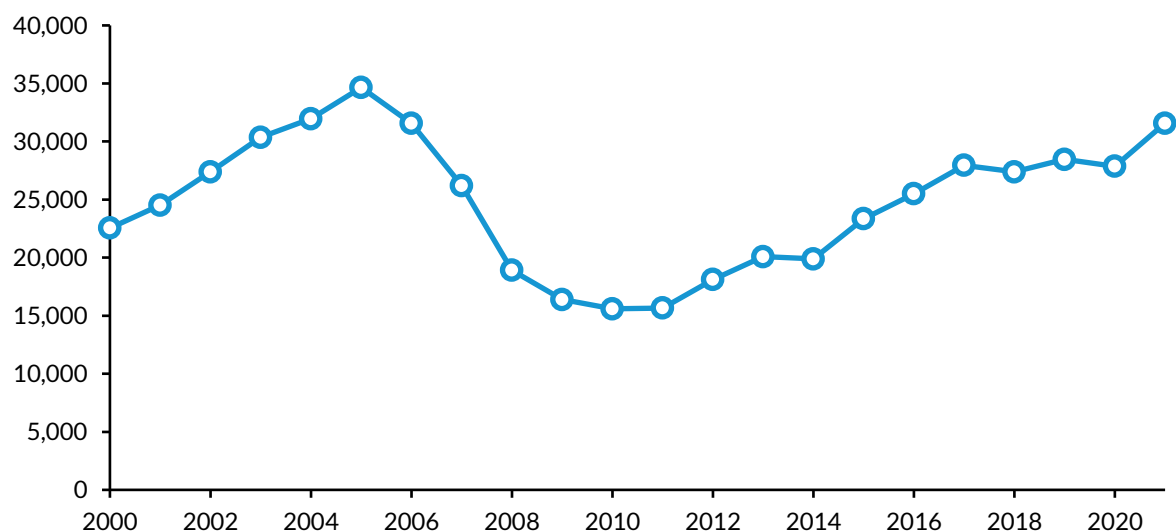
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across the Richmond MSA, 31,578 homes were sold in 2021, 74 percent more than in 2012 (18,118) but 91 percent of the number in 2005 (35,649) (figure 82).

FIGURE 82

Annual Home Sales in the Richmond Metro Area



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Source: CoreLogic MarketTrends.

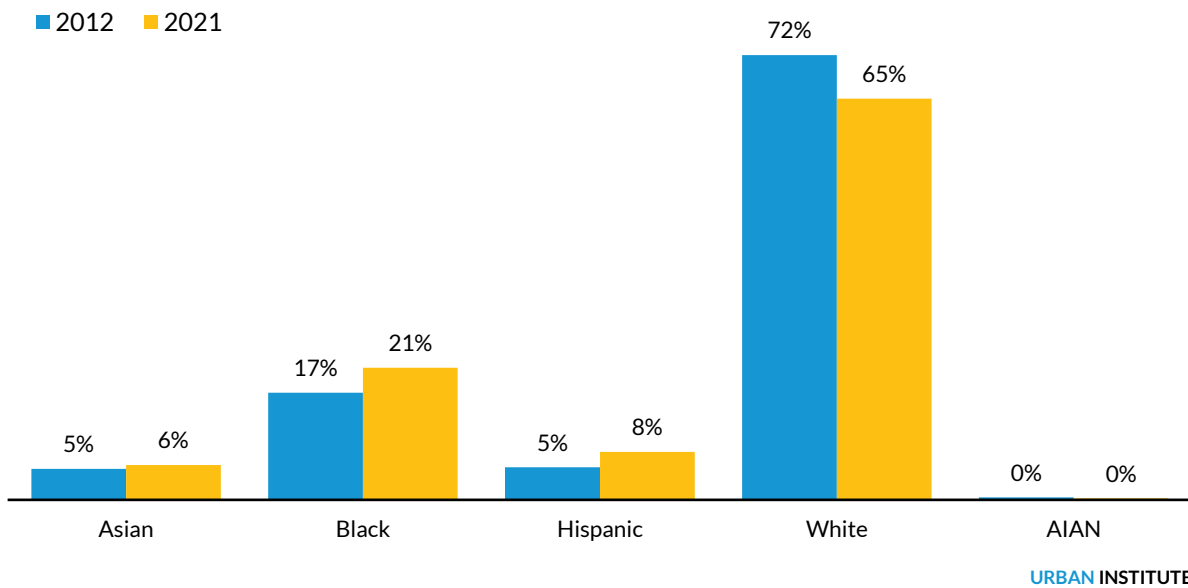
Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

In 2021, 20,147 mortgages were originated to purchase a home in Richmond. White borrowers accounted for 65 percent of these purchase loans, while borrowers of color represented 35 percent (or 7,060 loans). Twenty-one percent of all purchase originations went to Black borrowers, 8 percent went to Hispanic borrowers, and 6 percent went to Asian borrowers. The share of loans originated for American Indian or Alaska Native borrowers, multiracial borrowers, and borrowers of other races was statistically zero.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated for borrowers of color increased (figure 83). The share of purchase mortgages originated rose from 17 percent to 21 percent for Black borrowers, from 5 percent to 8 percent for Hispanic borrowers, and from 5 percent to 6 percent for Asian borrowers. The share of purchase loans originated for American Indian or Alaska Native borrowers, multiracial borrowers, and borrowers of other races remained virtually nonexistent.

FIGURE 83

Share of Purchase Mortgages, by Race or Ethnicity, in the Richmond Metro Area



Source: 2012 and 2021 HMDA data.

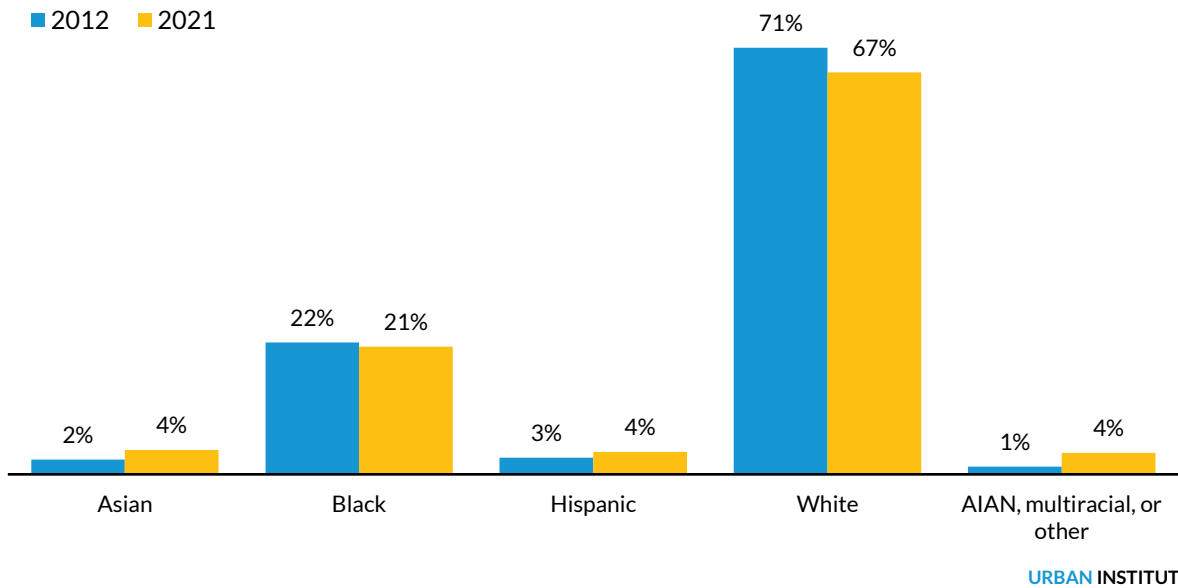
Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

Homeownership Trends

There were 327,437 homeowners in Richmond in 2021, compared with 302,153 in 2012. In 2021, homeowners of color accounted for 33 percent of all homeowners, up from 29 percent in 2012 (figure 84). Although the homeowner share among households of other races increased from 1 percent to 4 percent, the Black homeowner share declined from 22 percent to 21 percent between 2012 and 2021.

FIGURE 84

Share of Homeowner Households, by Race or Ethnicity, in the Richmond Metro Area



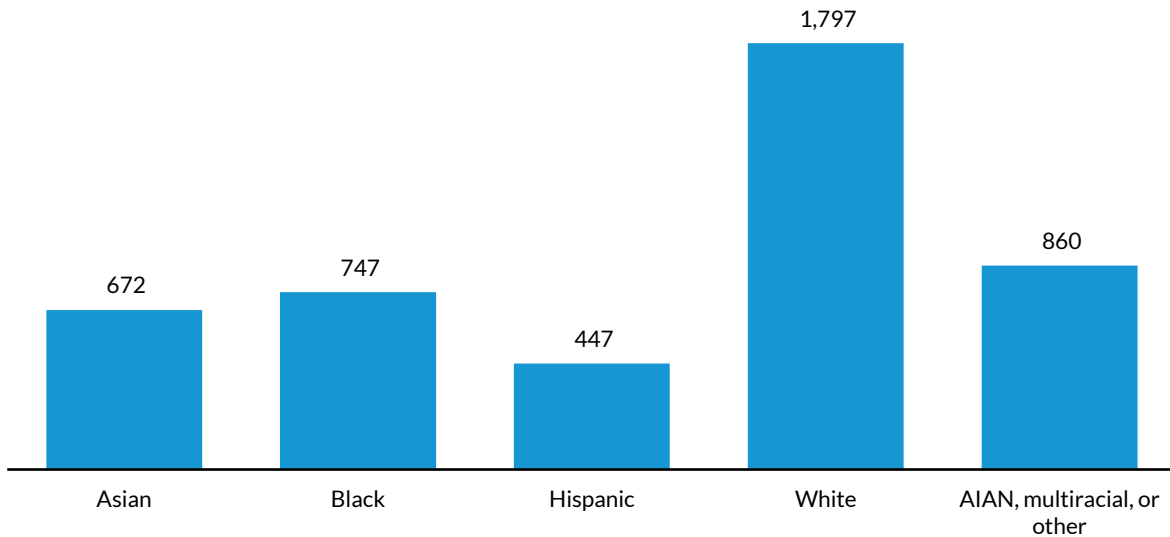
Source: 2012 and 2021 one-year American Community Surveys.

Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of homeowners in the Richmond MSA that are homeowners and an outflow of those households that are no longer homeowners in Richmond. On average, the Richmond MSA registered 4,523 net homeowners per year from 2012 to 2021. The MSA added 1,797 net white homeowners, on average, per year. On average, among homeowners of color, 860 American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races were added annually, in addition to 672 net Asian homeowners, 447 net Hispanic homeowners, and 747 net Black homeowners (figure 85).

FIGURE 85

Annual Average of Net Homeowners, by Race or Ethnicity, in the Richmond Metro Area, 2012–21



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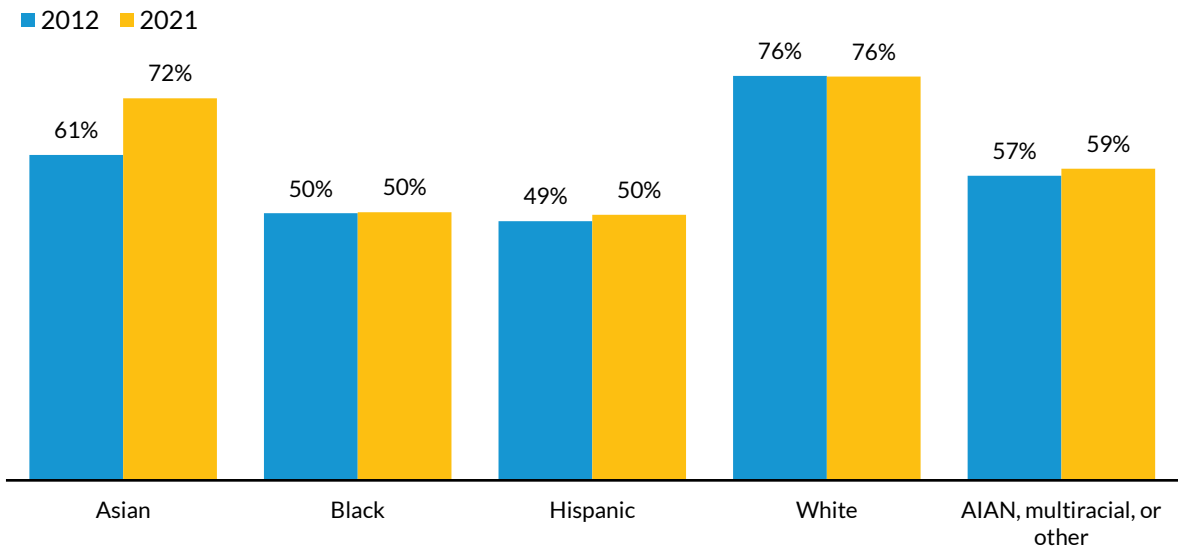
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

Amid trends in net new homeowners, on average, from 2012 to 2021, homeownership rates have risen for Asian, American Indian or Alaska Native, multiracial, and Hispanic households and households of other races. But the homeownership rate among white households and Black households declined (figure 86). White households, though, still have a higher homeownership rate than households of color.

FIGURE 86

Homeownership Rates, by Race or Ethnicity, in the Richmond Metro Area



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Source: 2012 and 2021 one-year American Community Surveys.

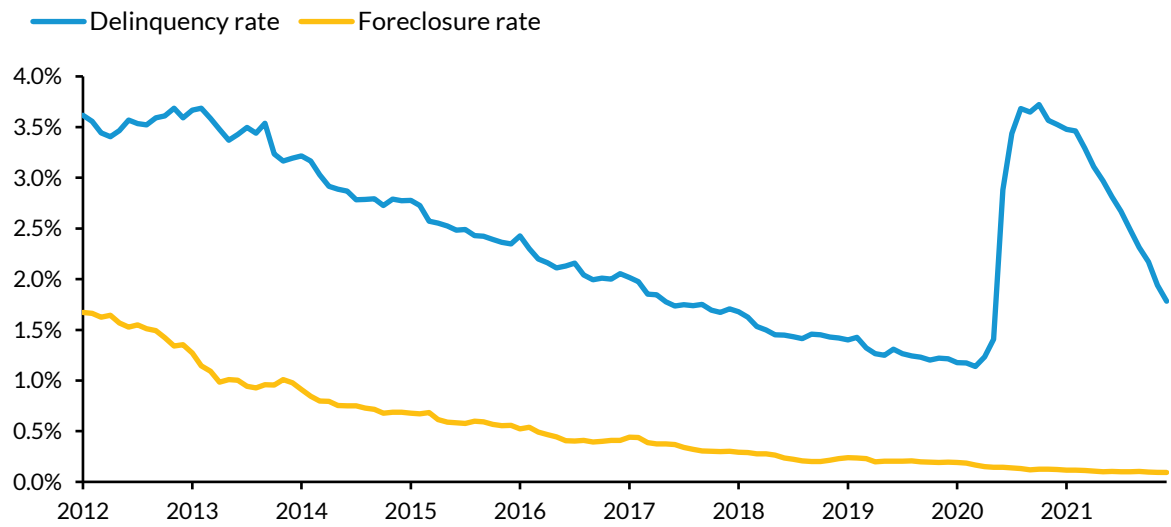
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 15, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net increase in the number of homeowners of color is also related to homeownership sustainability. The 90-day mortgage delinquency rate and the foreclosure rate have fallen since the Great Recession (figure 87). But the mortgage delinquency rate jumped in response to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 87

90-Day Mortgage and Delinquency Rates in the Richmond Metro Area



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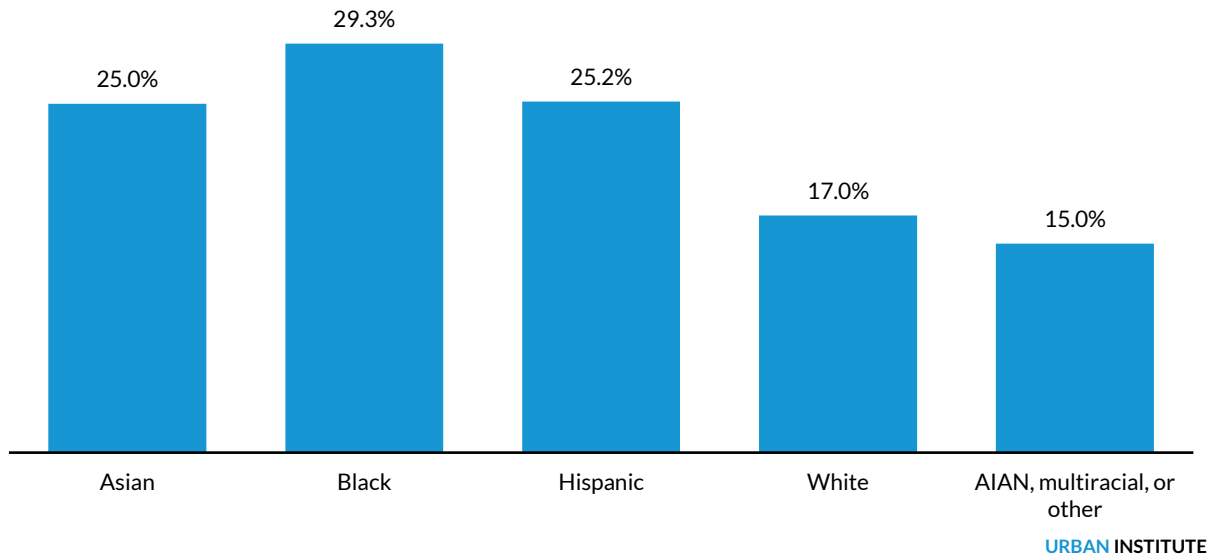
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color—excluding American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races—face housing precarity (figure 88), as they are more likely to pay higher housing costs relative to their income. This makes these homeowners more vulnerable if they experience job loss or even sharp home price changes. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 88

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in the Richmond Metro Area



Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Rural and Tribal

Homeownership is critical for wealth building and housing stability. And more than half of households across the rural and tribal market are homeowners. But households of color living across the rural and tribal market are less likely than white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among each nonwhite racial or ethnic group.

Several factors contribute to these homeownership disparities. Rural and tribal homeowners of color nationwide are more likely than white homeowners to live in inadequate housing. The greater likelihood of living in lower-quality homes raises the relative risk that homeowners of color will lose their home. And this may inform the collaborative’s strategy targeting the improvement of high-quality housing stock, particularly with an eye on affordability.

TABLE 17
Homeownership Rates and Number of Households, by Tenure, Race, and Ethnicity, in the WORTH Rural and Tribal Market

	AIAN	Asian	Black	Hispanic	White	Multiracial or other
Homeownership rate	69%	61%	50%	60%	75%	60%
Number of homeowner households	65,739	42,256	309,326	559,364	1,379,824	63,086
Number of renter households	29,063	27,402	315,561	377,217	466,824	41,199

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 100 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

This section provides an overview of the strategies, data, and trends that cover the whole rural and tribal market as defined under the WORTH program, which includes 244 counties across 18 states. This approach may imply that the entire geographic footprint is considered one market. But this analytical approach was taken to achieve brevity. In practice, both market dynamics and WORTH strategies will vary across the entire rural and tribal geographic footprint.

In addition, there is disagreement on what constitutes a rural place. For this report, we use WORTH rural and tribal market to refer to the geographic area identified for the WORTH project.

BOX 10

The Rural and Tribal Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the rural and tribal collaborative has set out several strategies that will boost net new homeowners of color by the end of 2025. These include the following:

- Expand access to affordable homeownership financing options for families of color in rural and Native communities.
 - Increase and improve high-quality, affordable housing stock.
 - Create new homeownership by resolving title issues.
 - Empower prospective and current homeowners through education, counseling, and coaching.
 - Advocate for innovative policy and systems change.
-

WORTH Rural and Tribal Market Baseline

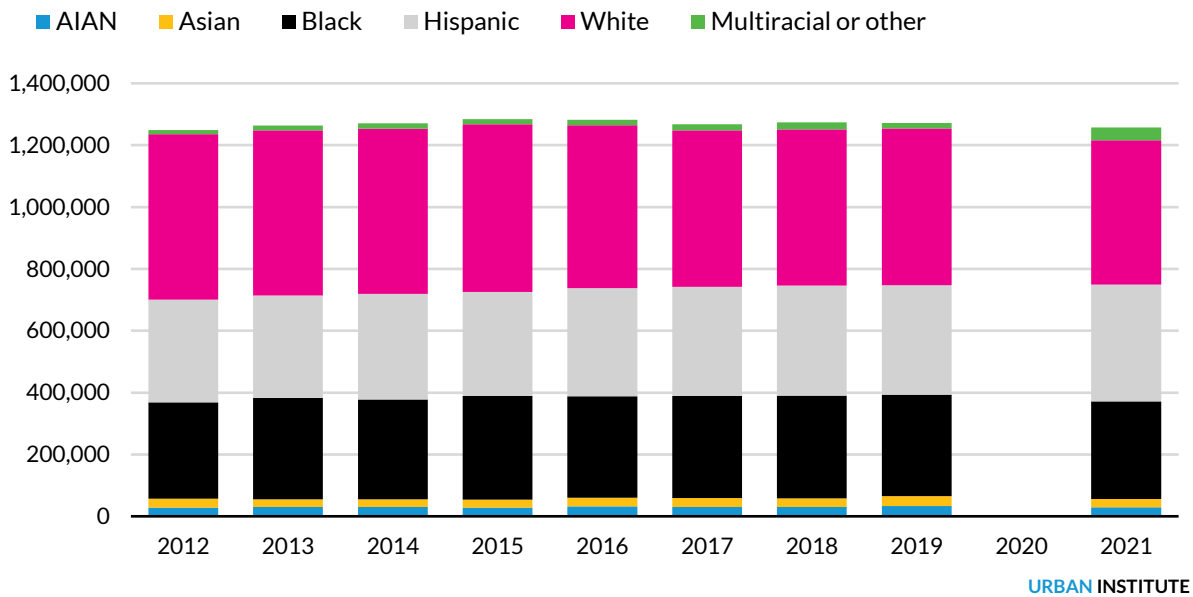
The baseline market analysis described below illustrates the need and the potential for the rural and tribal collaborative's strategies to boost homeownership for people of color. After looking at the racial and ethnic composition of renters, who are potential future homebuyers, the market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in home purchase activities, this analysis describes housing sustainability to provide a comprehensive picture of changes in net homeowners.

Racial and Ethnic Demographics of Renter Households

In 2021, 1.3 million renter households were living in the rural and tribal market (figure 89). White households accounted for 37 percent of all renter households, while households of color accounted for 63 percent. Hispanic households, as measured by the race or ethnicity of the household head, accounted for 30 percent of all renter households across the rural and tribal market, and Black households represented 25 percent. Multiracial households or households of other races accounted for 3 percent. Asian households and American Indian or Alaska Native households each represented 2 percent.

FIGURE 89

Number of Renter Households, by Race or Ethnicity, in the WORTH Rural and Tribal Market



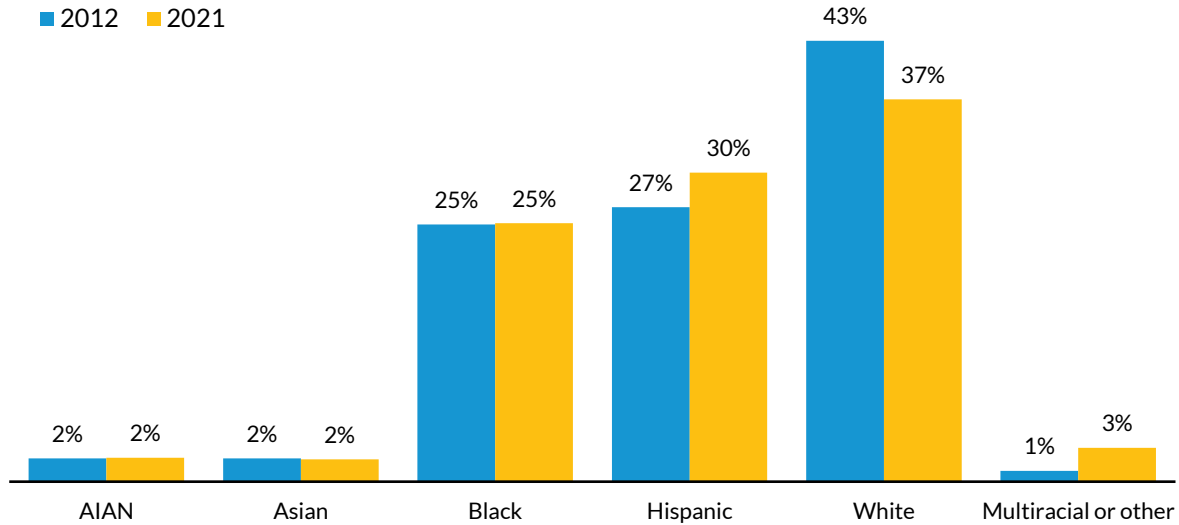
Source: 2012–21 one-year American Community Surveys.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government’s ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

From 2012 to 2021, the share of white renter households declined while the percentage of renter households of color increased (figure 90). Over this period, the share of white renter households fell from 43 percent to 37 percent, and the percentage of renter households of color increased from 57 percent to 63 percent. The growth in renter households of color was concentrated among Hispanic households, whose share of all renter households rose from 27 percent to 30 percent, and among multiracial households and households of other races, whose share rose from 1 percent to 3 percent. The proportion of Black renter households held steady at 25 percent. The percentage of Asian renter households and American Indian or Alaska Native renter households remained stable at 2 percent.

FIGURE 90

Distribution of Renter Households, by Race or Ethnicity, in the WORTH Rural and Tribal Market



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Source: 2012 and 2021 one-year American Community Surveys.

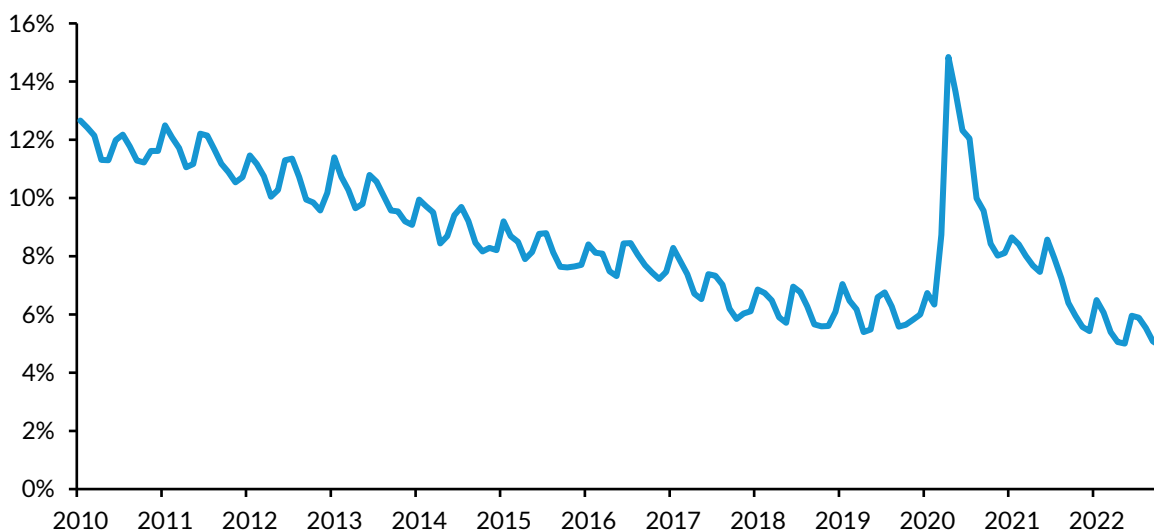
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In April 2020, at the end of the most recent recession, the unemployment rate across the rural and tribal market peaked at 14.8 percent (figure 91). The rural and tribal market’s unemployment rate began to recover in May 2020 and currently sits at 4.9 percent, 0.7 percentage points less than the prepandemic low of 5.6 percent.

FIGURE 91

Unemployment Rate in the WORTH Rural and Tribal Market



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Source: Bureau of Labor Statistics.

Notes: For the rural collaborative, we aggregated data across 244 counties in 18 states. There was one county where data were not available. The rates reported may be slightly different from the actual unemployment rate across the rural market.

But renter households are more likely than homeowner households to be unemployed (table 18). And Black, Hispanic, American Indian or Alaska Native, and multiracial households and households of other races all have higher unemployment rates than white households. At the intersection of race and tenure, renters of color, except Asian households, have higher unemployment rates than white renters, while renters in each racial group have higher unemployment rates than their homeowner peers.

TABLE 18

Unemployment Rate, by Race, Ethnicity, and Tenure, in the WORTH Rural and Tribal Market

	All	AIAN	Asian	Black	Hispanic	White	Multiracial or other
Total	7.2%	15.4%	4.7%	11.1%	8.0%	5.4%	9.7%
Owner	5.8%	13.6%	4.4%	9.1%	7.4%	4.4%	8.0%
Renter	10.4%	18.4%	5.1%	13.7%	9.2%	8.4%	12.5%

Source: 2021 one-year American Community Survey.

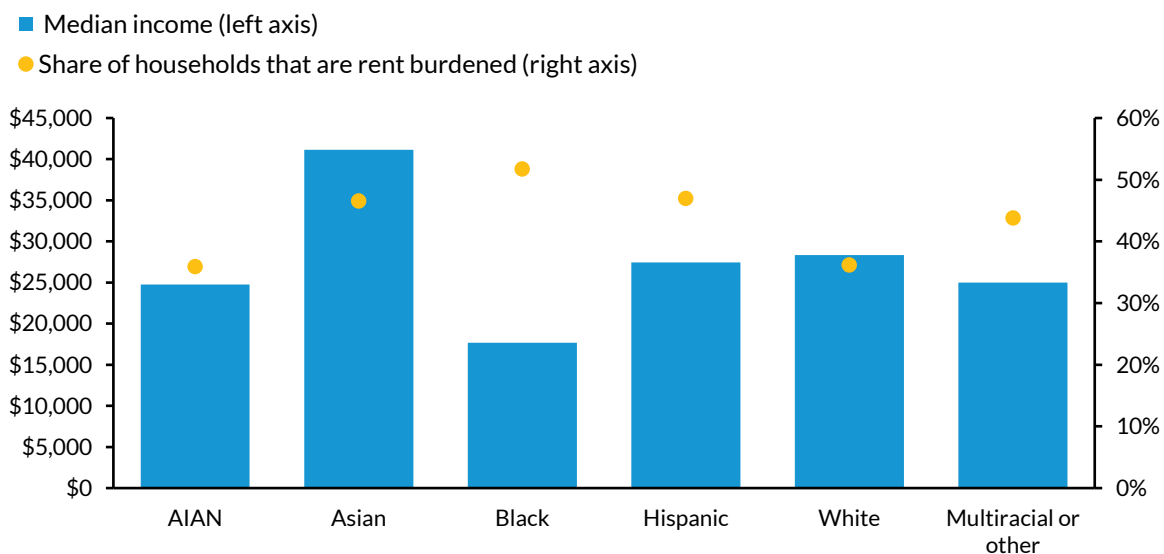
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 91 is based on the civilian population.

Rental Burden

On average, 36 percent of both white renter households and American Indian or Alaska Native renter households were rent burdened from 2016 to 2020. A larger proportion of Black, Asian, Hispanic, and multiracial households and households of other races were rent burdened (figure 92).

FIGURE 92

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in the WORTH Rural and Tribal Market



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Source: 2016–20 five-year American Community Survey.

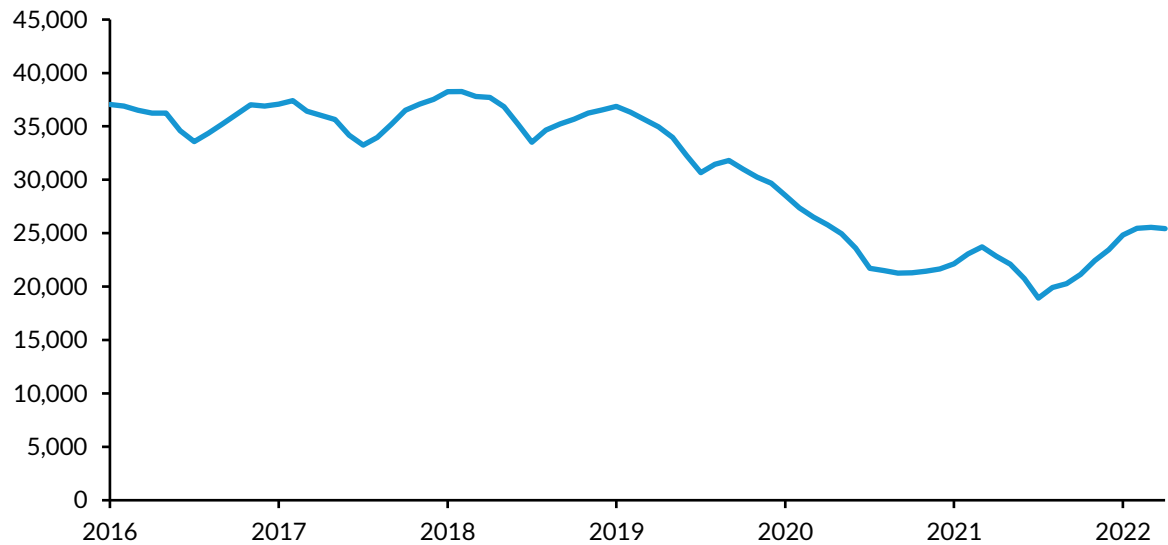
Note: AIAN = American Indian or Alaska Native.

Housing Supply

For-sale supply is increasingly becoming scarce; there are fewer new listings of existing homes across the rural and tribal footprint. Between August 2018 and October 2022, the number of new listings fell 50 percent from 38,263 to 25,433 (figure 93). These lacks may undercount the exact number of listings because of incomplete data.

FIGURE 93

Total Listings in the WORTH Rural and Tribal Market



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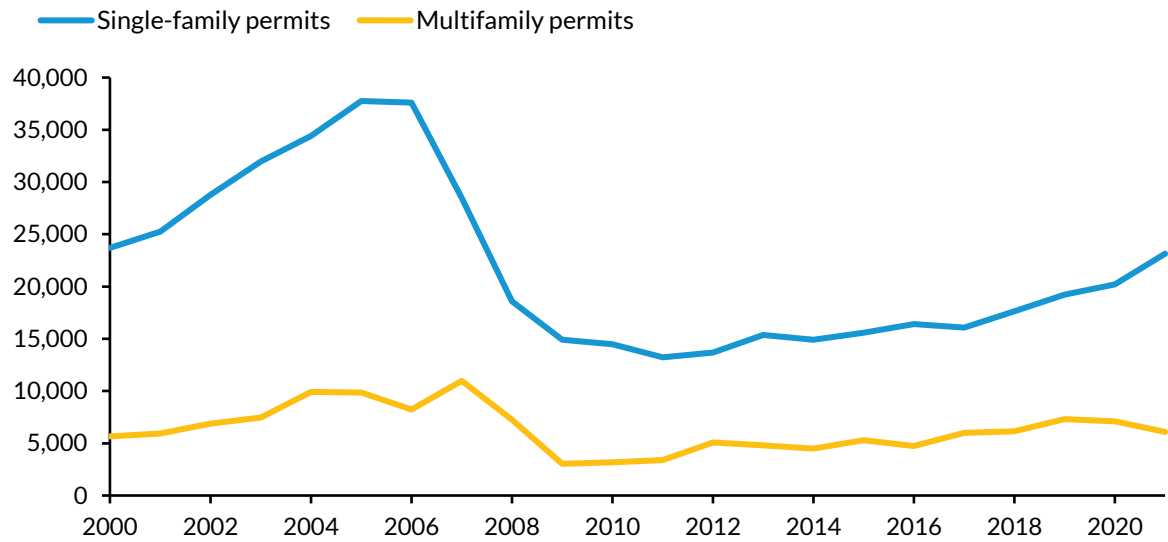
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

And new construction has not significantly surpassed its peak levels during the 2000s (figure 94). The number of single-family residential permits (23,137) is 69 percent higher than in 2012 but is 61 percent of the number from 2005. Similarly, the number of multifamily permits (6,103) is 21 percent higher than in 2012 but is 56 percent of the number from 2007. Home values, as reported by homeowners, have risen by 50 percent since 2012 (figure 95). The median value of owner-occupied homes in the rural and tribal footprint is a significant multiple of renter incomes shown in figure 92. This confirms the need for financing and affordable supply options to boost homeownership for households of color.

FIGURE 94

Single-Family and Multifamily Residential Construction Permits in the WORTH Rural and Tribal Market



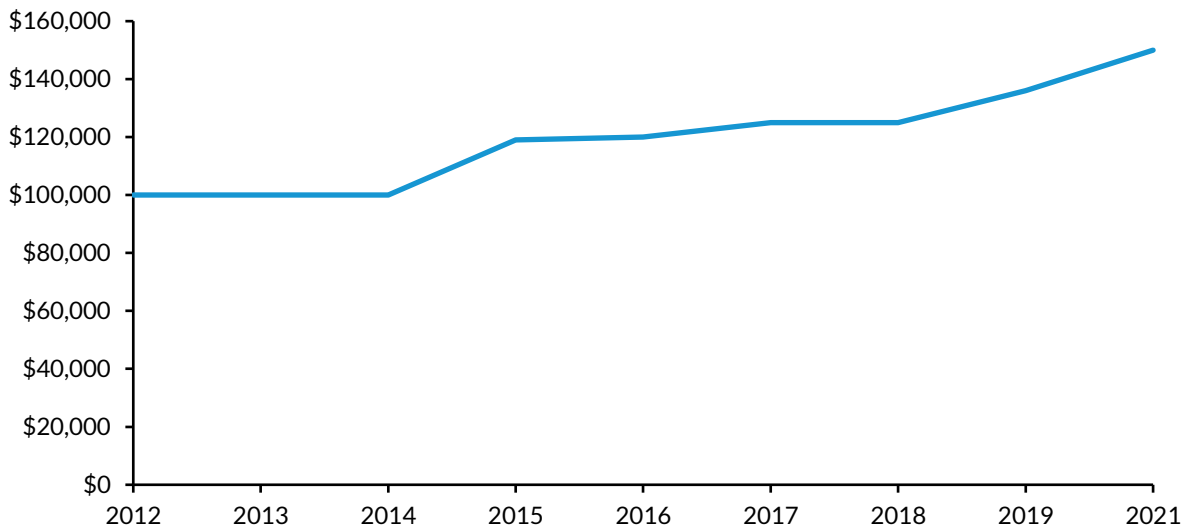
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market. For the rural collaborative, we aggregated data across 244 counties in 18 states. There were 21 counties where data were not available. The levels we report may underestimate the total level of residential permits across the rural market.

FIGURE 95

Annual Median Home Values in the WORTH Rural and Tribal Market



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Source: Black Knight.

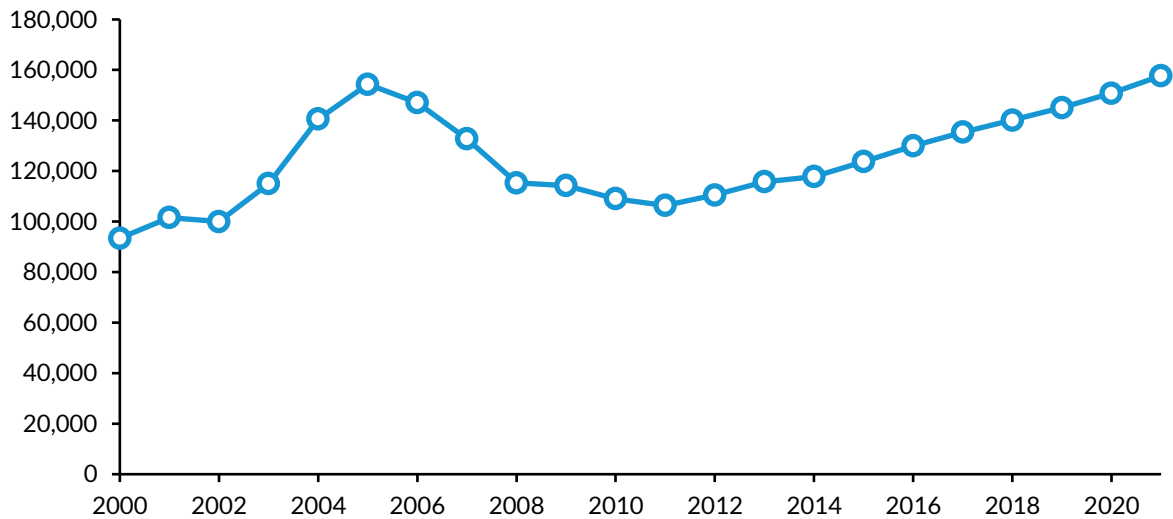
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across the rural and tribal market, 157,712 homes were sold in 2021, 43 percent more than in 2012 (110,500) and 102 percent of the number sold in 2005 (154,327) (figure 96).

FIGURE 96

Annual Home Sales in the WORTH Rural and Tribal Market



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Source: CoreLogic MarketTrends.

Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

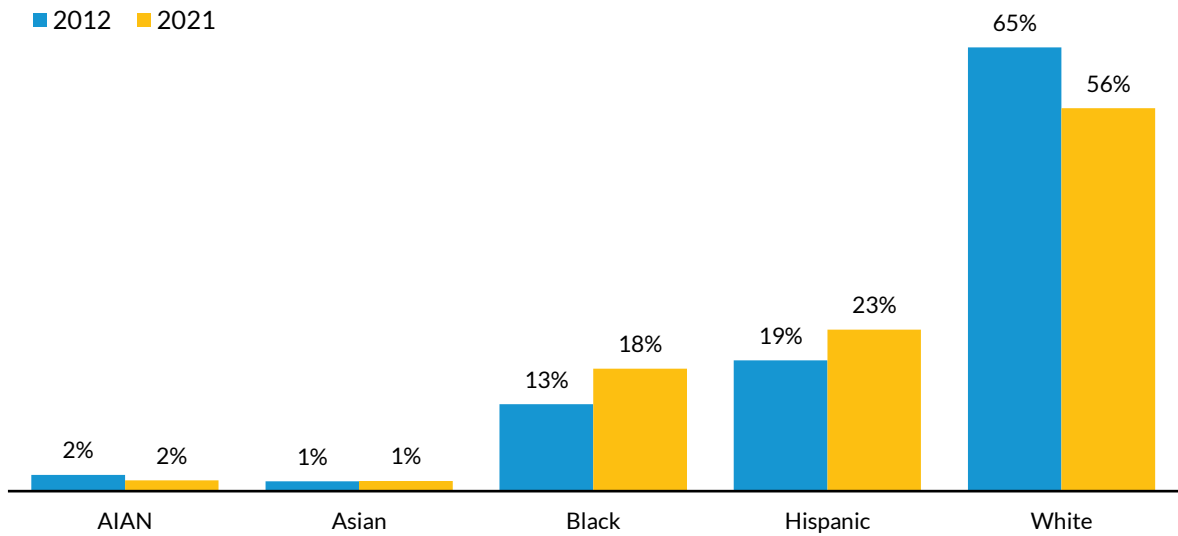
In 2021, 99,020 mortgages were originated to purchase a home across the rural and tribal market. White borrowers accounted for 56 percent of these purchase loans, while borrowers of color represented 44 percent. Loans originated for Hispanic borrowers accounted for 23 percent. Black borrowers accounted for 18 percent. Asian borrowers represented 1 percent, and American Indian or Alaska Native borrowers represented 2 percent.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated for borrowers of color has increased (figure 97). The share of purchase mortgages originated for Black borrowers rose from 13 percent to 18 percent, and the proportion of purchase mortgages originated for Hispanic borrowers increased from 19 percent to 23 percent. The percentage of purchase loans originated for Asian borrowers and for American Indian or Alaska Native borrowers remained stable at 1 percent and 2 percent, respectively.

But the Home Mortgage Disclosure Act (HMDA) data's coverage is not complete, as many small and nonmetropolitan lenders are exempt from reporting under HMDA. This has led to concerns that the HMDA data are not reliable for monitoring the patterns and trends in rural home lending.

FIGURE 97

Share of Purchase Mortgages, by Race or Ethnicity, in the WORTH Rural and Tribal Market



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Source: 2012 and 2021 HMDA data.

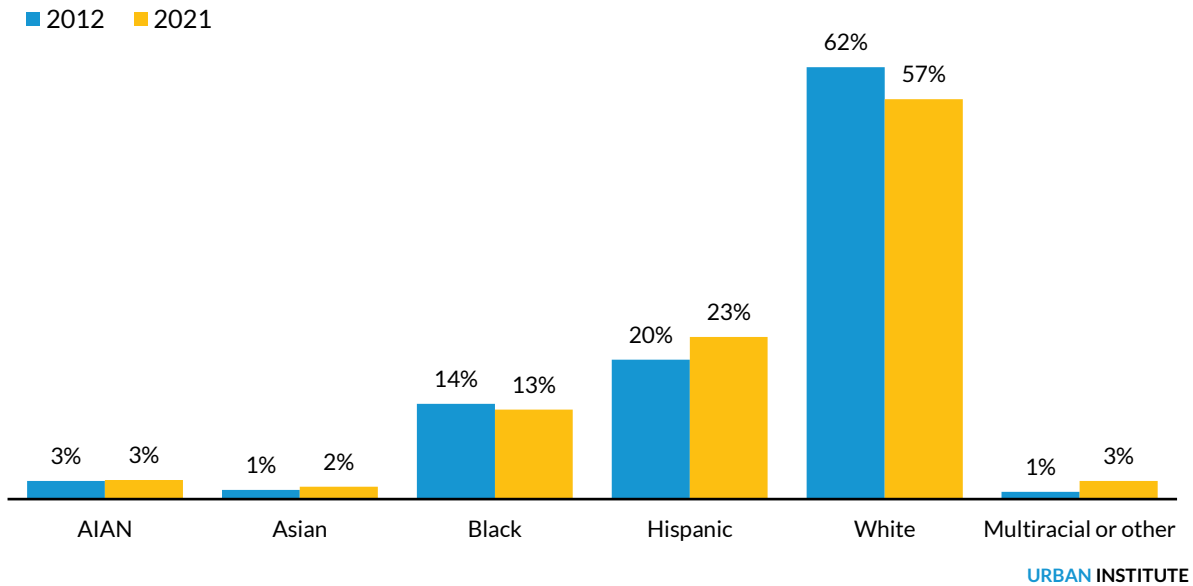
Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

Homeownership Trends

There were 2.4 million homeowners across the WORTH rural and tribal market in 2021; 57 percent were white, and 43 percent were homeowners of color (figure 98). Hispanic households accounted for 23 percent of all homeowners, and Black households represented 13 percent of all homeowners. American Indian or Alaska Native households as well as multiracial households and households of other races represented 3 percent. Asian households accounted for 2 percent.

FIGURE 98

Share of Homeowner Households, by Race or Ethnicity, in the WORTH Rural and Tribal Market



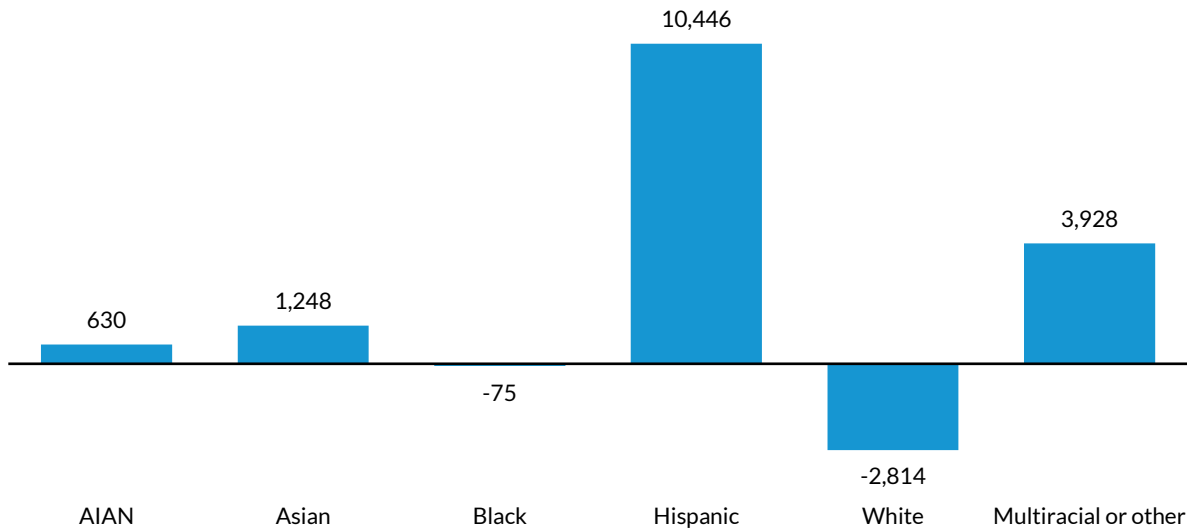
Source: 2012 and 2021 one-year American Community Surveys.

Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of new homeowners and an outflow of those households that are no longer homeowners across the rural and tribal market. On average, the rural and tribal market averaged 13,363 net homeowners per year from 2012 to 2021. On average, the market added 10,446 net Hispanic homeowners per year, 3,928 net multiracial homeowners and homeowners of other races, 1,248 net Asian homeowners, and 630 net American Indian or Alaska Native homeowners (figure 99). In contrast, over the same period, the market lost an annual average of 75 net Black homeowners and 2,814 net white homeowners.

FIGURE 99

Annual Average of Net Homeowners, by Race or Ethnicity, in the WORTH Rural and Tribal Market, 2012–21



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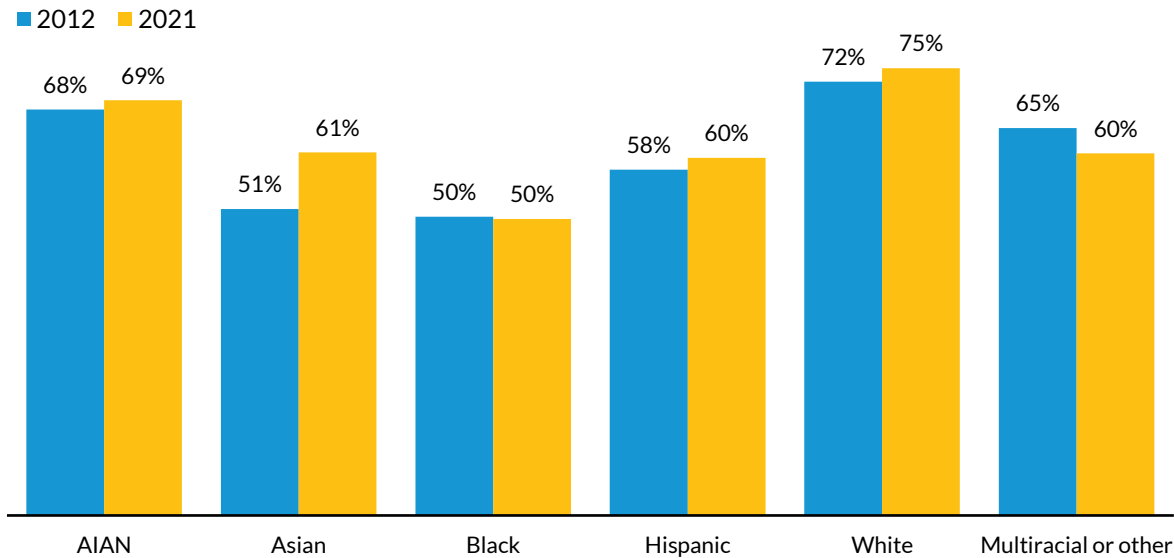
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

In 2021, white households remain more likely than households of color to own their home across the rural and tribal market. But from 2012 to 2021, homeownership rates among white, Asian, Hispanic, and American Indian or Alaska Native households have risen (figure 100). But the Black homeownership rate in 2021 was similar to its rate in 2012 (50 percent). The homeownership rate among multiracial households and households of other races was 5 percentage points lower in 2021 relative to 2012.

FIGURE 100

Homeownership Rates, by Race or Ethnicity, in the WORTH Rural and Tribal Market



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Source: 2012 and 2021 one-year American Community Surveys.

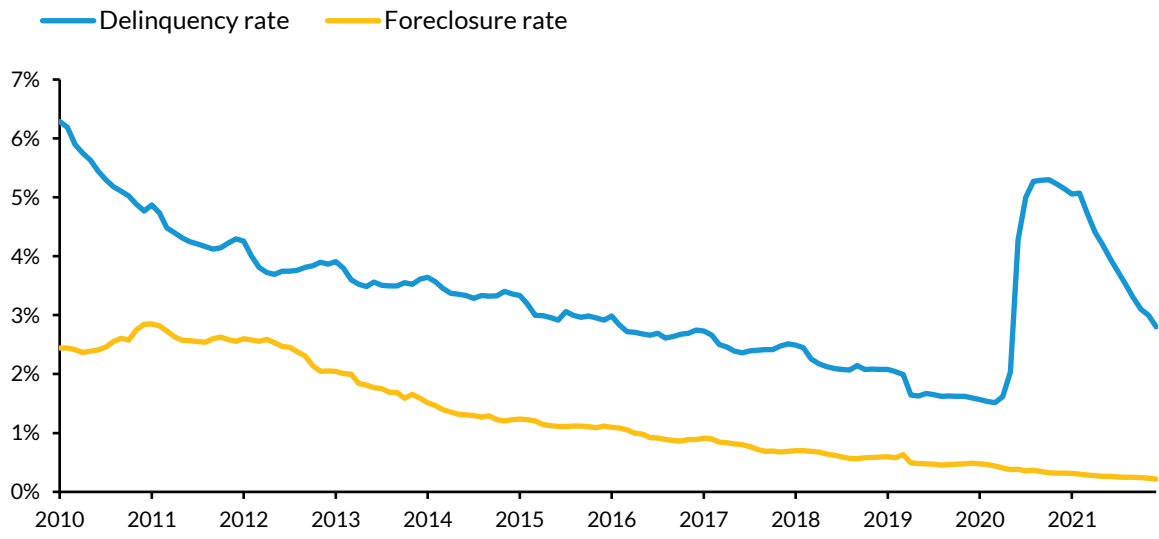
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 17, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net change in the number of homeowners of color is related to homeownership sustainability. The 90-day mortgage delinquency rate and the foreclosure rate have fallen since the Great Recession (figure 10). But the mortgage delinquency rate jumped in response to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 101

90-Day Mortgage and Delinquency Rates in the WORTH Rural and Tribal Market



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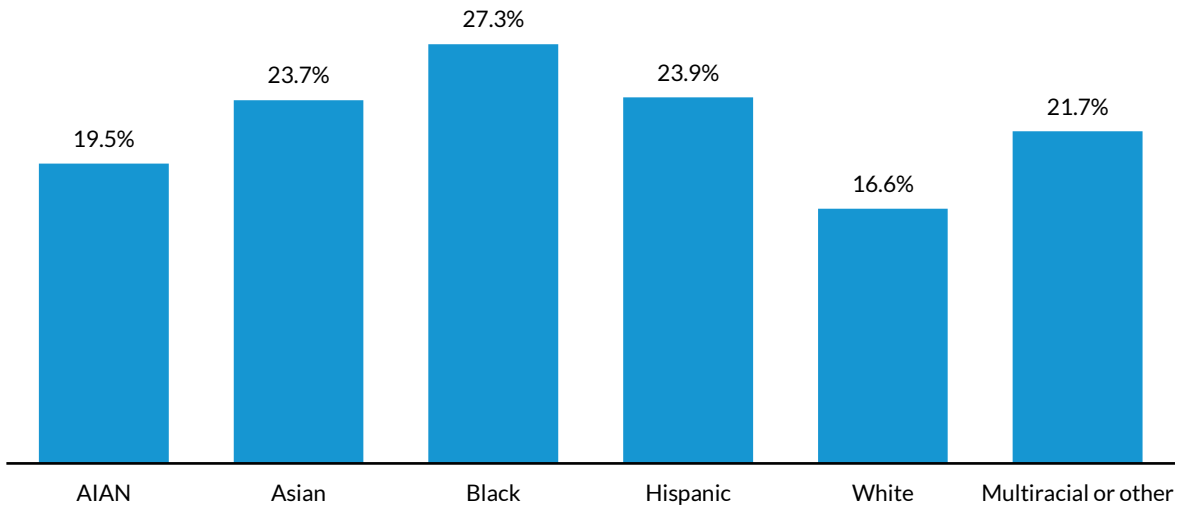
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color face housing precarity (figure 102). This makes these homeowners more vulnerable if they experience job loss or even sharp home price appreciation. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 102

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in the WORTH Rural and Tribal Market



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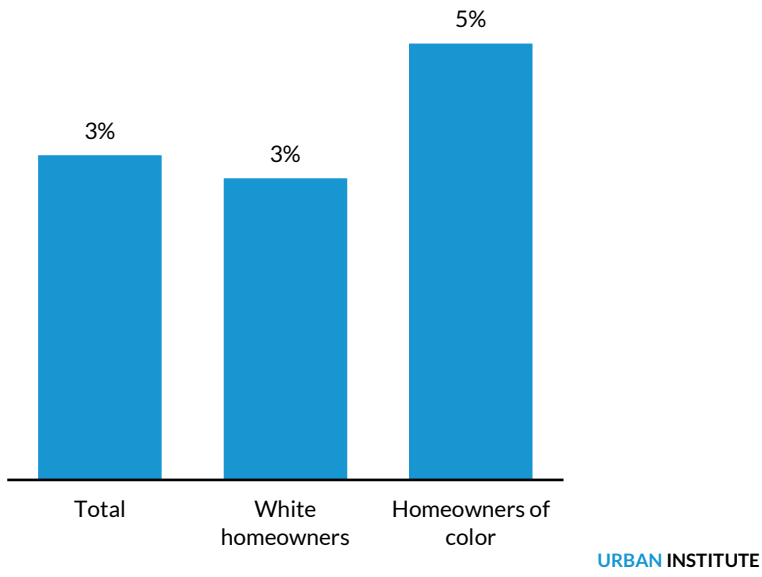
Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Most homeowners live in adequate housing, free of plumbing, heating, or electrical wiring issues. But nationwide, homeowners of color are more likely to live in inadequate housing (figure 103).

FIGURE 103

Share of Homeowners Living in Inadequate Housing, Nationwide



Source: 2021 American Housing Survey.

San Diego

Homeownership is critical for wealth building and housing stability. But households of color living in San Diego County, California, are less likely than white households to be homeowners. This racial homeownership rate gap reflects lower homeownership rates among each nonwhite racial or ethnic group.

Several factors contribute to these homeownership disparities. There has been a broad decline in new listings since the middle of 2019, and new residential construction likely has not sustainably surpassed the peak levels achieved during the first half of the 2000s. The lack of supply could limit the ability of households of color to achieve homeownership. And this may inform the collaborative’s strategy focused on increasing housing supply, particularly middle-income supply.

TABLE 19
Homeownership Rates and Number of Households, by Tenure, Race, and Ethnicity, in San Diego County

	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Homeownership rate	63%	29%	40%	63%	49%
Number of homeowner households	81,851	16,647	121,110	383,970	28,182
Number of renter households	48,473	41,411	183,527	228,484	29,484

Source: 2021 one-year American Community Survey.

Notes: AIAN = American Indian or Alaska Native. These homeownership rates represent the average number of homeowners divided by the number of occupied households between 2016 and 2020. We use these data as an overarching description of homeownership in the market. In contrast, figure 115 calculates homeownership rates in single years 2012 and 2021. And we use these data to document the change in homeownership.

BOX 11

The San Diego Collaborative's Strategies

To address prevailing racial disparities in homeownership rates, the San Diego collaborative has set out several strategies that will boost net new homeowners of color by the end of 2025. These include the following:

- Develop new and expanded opportunities to engage, educate, and prepare prospective BIPOC homeowners through culturally appropriate outreach, classes, and services that provide them with resources, information, and assistance navigating the homeownership process.
- Increase access to availability, awareness, and use of mortgage assistance products, such as down payment loans, grants, and low-cost first-mortgage loans for prospective BIPOC homeowners.
- Create a trusted network of trained and certified real estate professionals to ensure prospective BIPOC homeowners receive high-quality customer service and make efficient progress toward homeownership.
- Expand incentives and policy reforms that will lead to an increase in housing supply for prospective BIPOC homeowners by targeting interventions that address density, zoning, permitting, building costs, financing, fees, process delays, and other issues that raise costs and constrain construction.

San Diego's Baseline

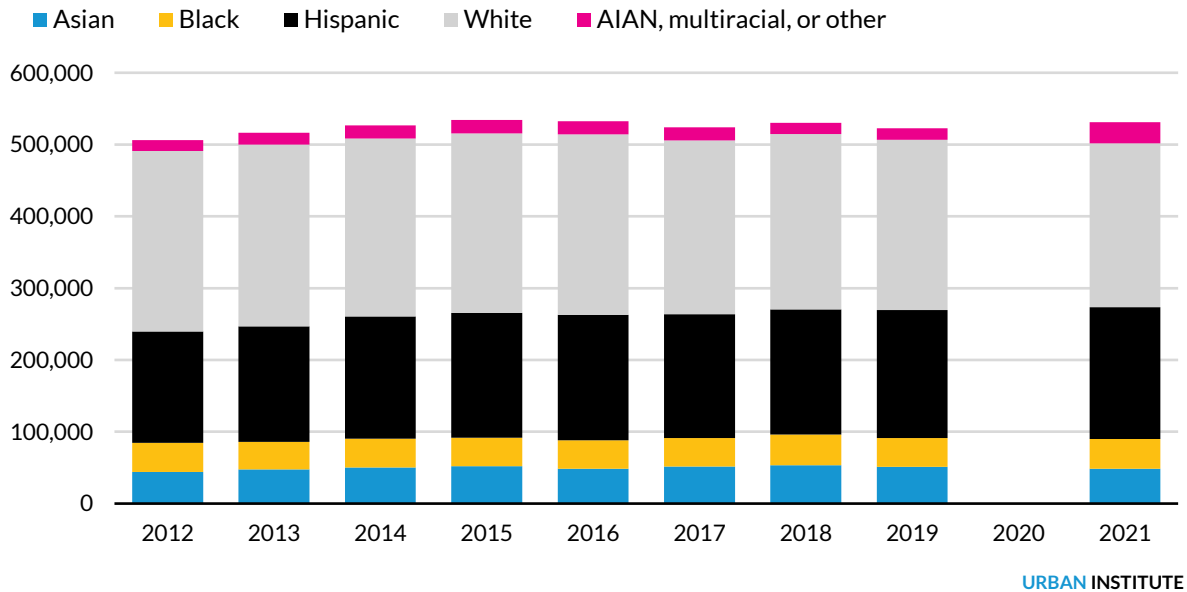
The baseline market analysis described below illustrates the need and the potential for the San Diego collaborative's strategies to boost homeownership for households of color. After looking at the racial and ethnic composition of renters, who are potential future homebuyers, the market review assesses the characteristics of homebuying demand and for-sale supply. In addition to historical trends in home purchase activities, this analysis describes housing sustainability to provide a comprehensive picture of changes in net homeowners.

Racial and Ethnic Demographics of Renter Households

In 2021, 531,136 renter households lived in San Diego County (figure 104). White households represented 43 percent of renter households, while households of color accounted for 57 percent.

Hispanic households, as measured by the race or ethnicity of the household head, accounted for 35 percent. Asian households represented 9 percent, while Black households accounted for 8 percent. Six percent were American Indian or Alaska Native households, multiracial households, and households of other races.

FIGURE 104
Number of Renter Households, by Race or Ethnicity, in San Diego County



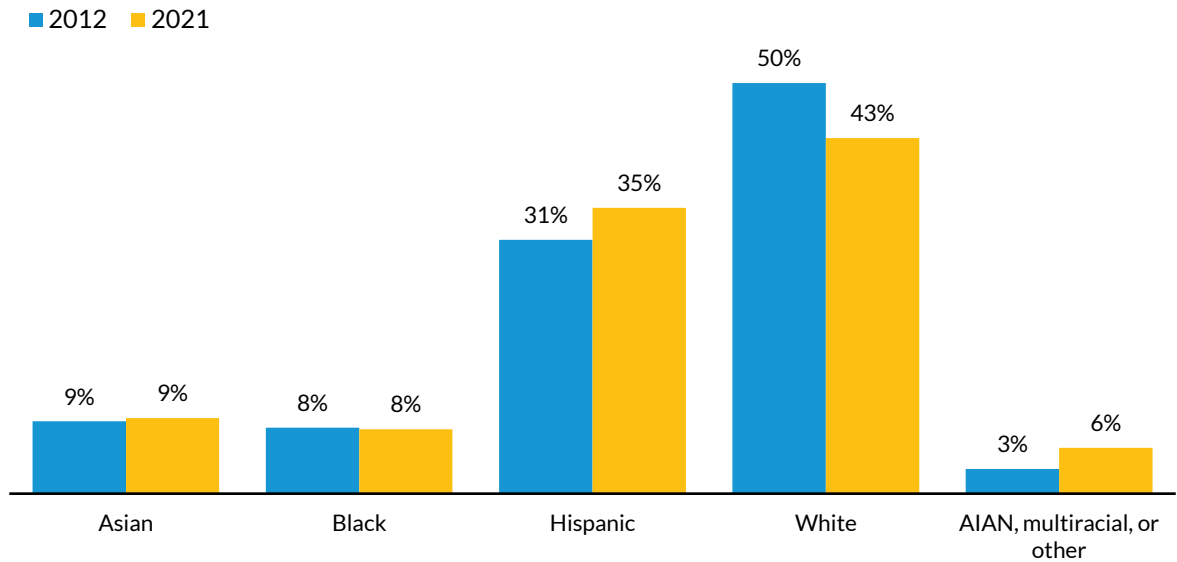
Source: 2012–21 one-year American Community Surveys.

Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native. The US Census Bureau does not provide 2020 ACS data because of data collection concerns during the peak of the COVID-19 pandemic. The pandemic limited the federal government’s ability to conduct the ACS. As a result, there are no data available from this survey for 2020.

In 2012, the share of white renter households and renter households of color was equally split in San Diego County. But from 2012 to 2021, the share of white renter households fell from 50 percent to 43 percent of all renter households, while the share of renters of color expanded from 50 percent to 57 percent (figure 105). Among renter households of color, the share of Hispanic households increased from 31 percent to 35 percent, and the proportion of American Indian or Alaska Native households, multiracial households, and households of other races expanded from 3 percent to 6 percent. Meanwhile, the share of Asian and Black renter households remained largely steady at 9 percent and 8 percent, respectively.

FIGURE 105

Distribution of Renter Households, by Race or Ethnicity, in San Diego County



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Source: 2012 and 2021 one-year American Community Surveys.

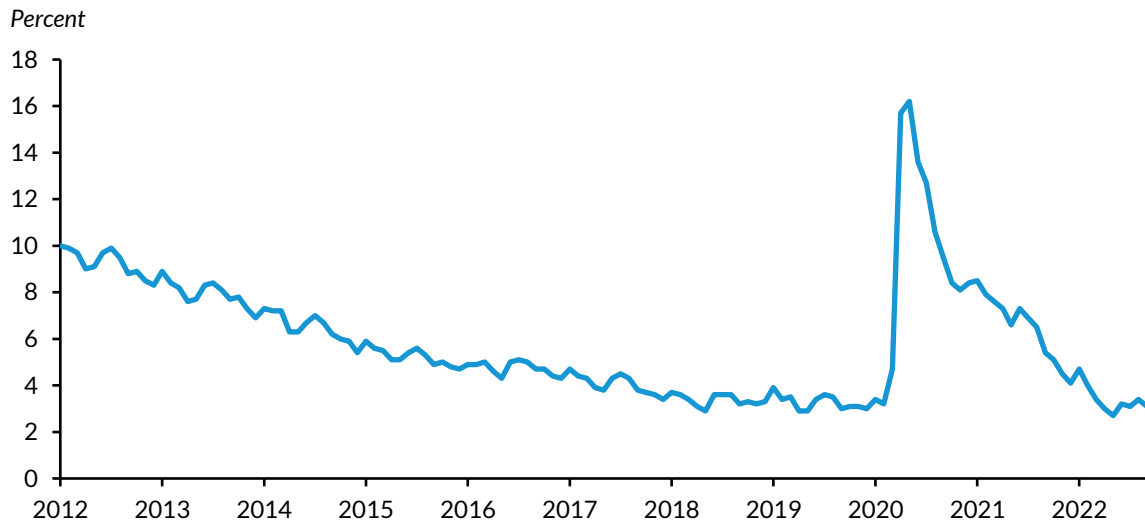
Note: AIAN = American Indian or Alaska Native.

Trends in Unemployment

In May 2020, at the end of the most recent recession, the unemployment rate across San Diego County peaked at 16.2 percent (figure 106). The city's unemployment rate began to recover in June 2020 and currently sits at 3.1 percent, 0.1 percentage points above its pre-pandemic low.

FIGURE 106

Unemployment Rate in San Diego County



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Source: Bureau of Labor Statistics.

But renter households are more likely than homeowner households to be unemployed (table 20). And households of color have higher unemployment rates relative to white households. At the intersection of race and tenure, renters of color have higher unemployment rates than white renters, and renters have higher unemployment rates than homeowners.

TABLE 20

Unemployment Rate, by Race, Ethnicity, and Tenure, in San Diego County

	All	Asian	Black	Hispanic	White	AIAN, multiracial, or other
Total	6.1%	5.3%	10.0%	7.3%	5.0%	6.1%
Owner	5.6%	4.9%	9.9%	6.9%	4.9%	5.9%
Renter	6.6%	5.7%	10.0%	7.7%	5.1%	7.9%

Source: 2021 one-year American Community Survey.

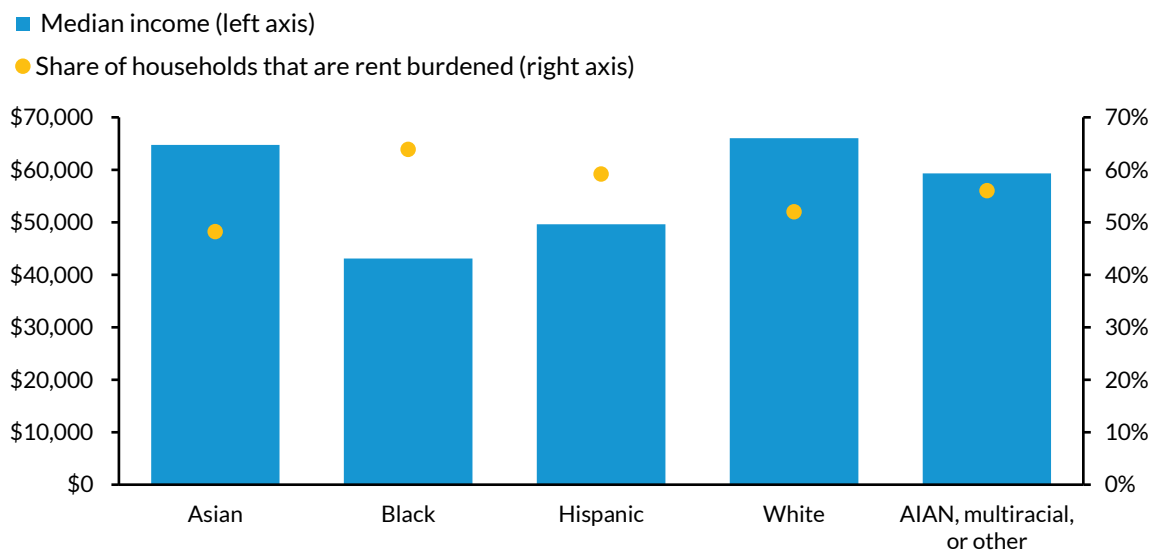
Notes: AIAN = American Indian or Alaska Native. The unemployment rate covers the employment status of each head of household. As a result, its base unit is the household. In contrast, the unemployment series shown in figure 106 is based on the civilian population.

Rental Burden

From 2012 to 2021, the median renter household income rose 58 percent to \$66,729, and the median rent increased 58 percent to \$1,908 a month. In both years, about 58 percent of renters spent more than 30 percent of their income on rent. But these numbers mask differences by race and ethnicity. On average, the median renter household of color had a lower income relative to the median white renter household from 2016 to 2020 (figure 107). And, excluding Asian renter households, lower household incomes correspond with a greater share of renter households of color being cost burdened.

FIGURE 107

Renter Median Income and Share of Rent-Burdened Households, by Race or Ethnicity, in San Diego County



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Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Housing Supply

In addition to the factors that boost housing demand, a healthy housing supply is important. The total number of listings in San Diego County has declined (figure 108). Since reaching 11,453 listings in August 2019, the number of listings has declined to 6,308.

FIGURE 108

Total Listings in San Diego County



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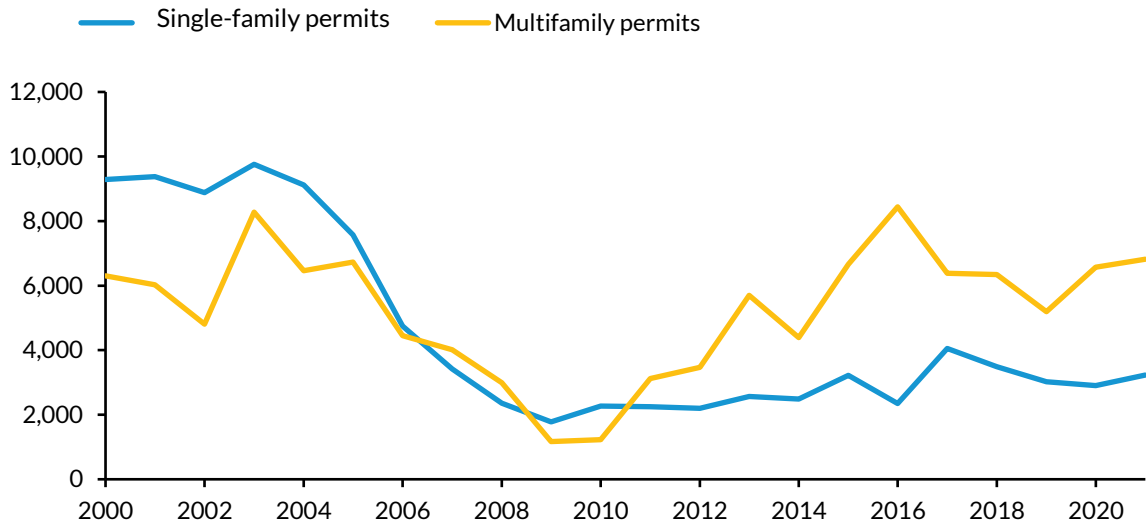
Source: Realtor.com.

Notes: The data reflect a seasonality key to housing data. Typically, homebuying increases from the beginning of the year through the spring and early summer before declining over the rest of the year.

New construction remains modest. Although the number of single-family residential permits has risen since 2019, the pace of residential construction remains below its 2016 level and is 67 percent of its 2003 level (figure 109). Similarly, multifamily permits remain below their 2016 level and 18 percent below their 2003 level. Despite moderation in recent months, home prices have risen by 152 percent since 2012 (figure 110).

FIGURE 109

Single-Family and Multifamily Residential Construction Permits in San Diego County



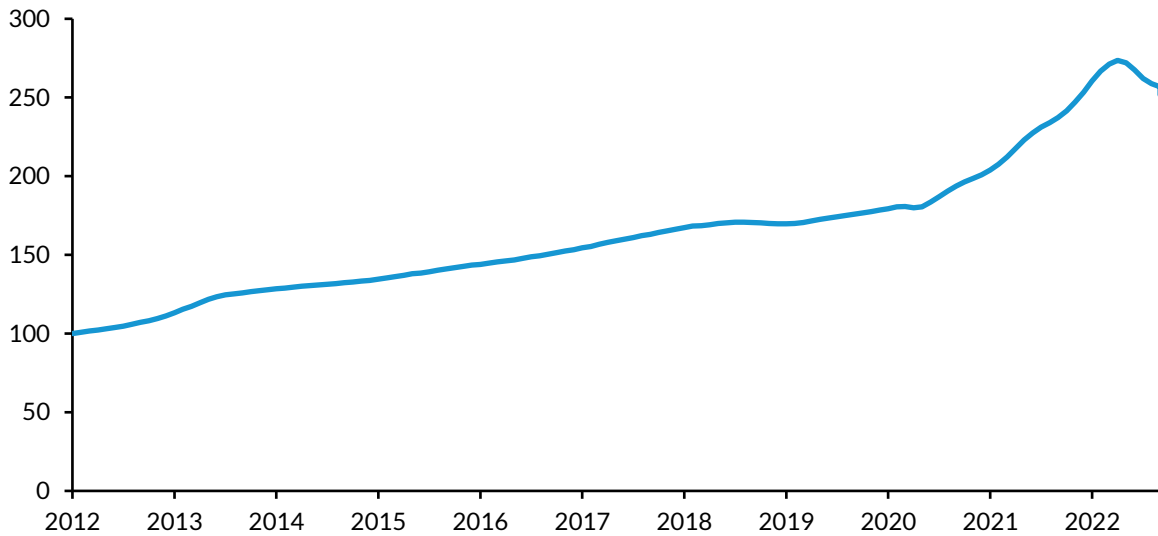
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Source: US Census Bureau.

Notes: We use data collected from all permitting jurisdictions by the US Department of Housing and Urban Development and by the US Census Bureau. But practice indicates that the count of residential permits by the federal government can differ from counts by state and local governments. We use the federal data because of their comparability across each collaborative's market.

FIGURE 110

House Price Index in San Diego County



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Source: Black Knight.

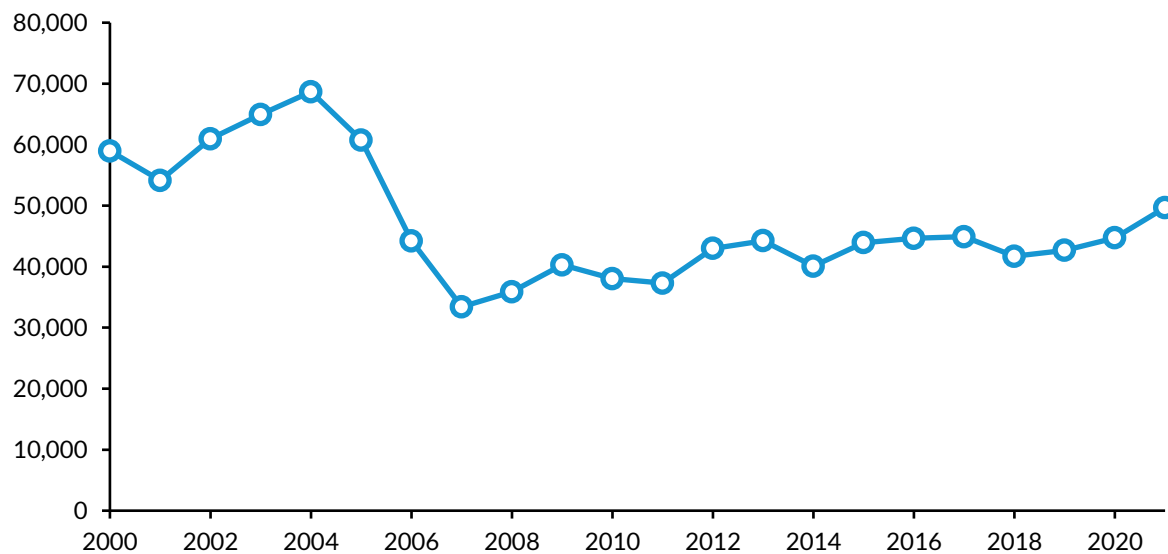
Notes: We show index values as opposed to property values. We set January 2012 = 100. When using this month as a starting point, calculating the percentage change in home prices from January 2012 to any point moving forward is simply a subtraction of the final period minus 100. For example, if the index value was 150 in May 2015, the percentage increase in home prices from January 2012 is 150 minus 100, or 50 percent.

Home Purchase Activities

Across San Diego County, 49,688 homes were sold in 2021, 16 percent more than in 2012 but 72 percent the number in 2004 (68,670) (figure 111).

FIGURE 111

Annual Home Sales in San Diego County



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Source: CoreLogic MarketTrends.

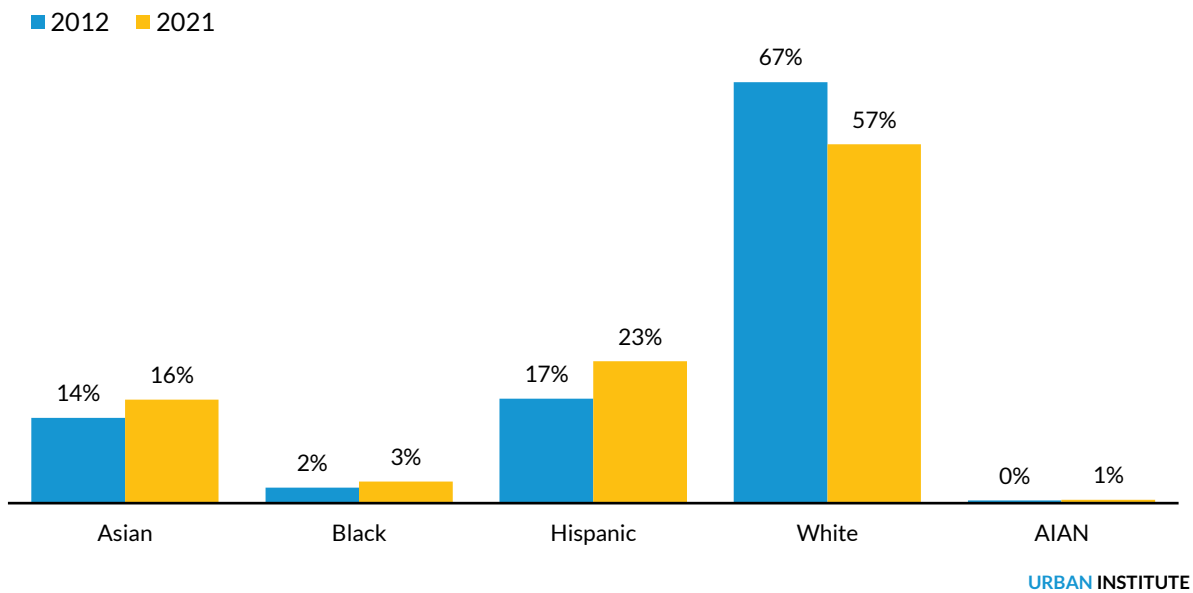
Notes: Home sales are shown through 2021. Sales data for 2022 were not available as of the time of writing. But given the significant erosion in homebuyer affordability, sales were likely lower in 2022 relative to 2021 in each market.

In 2021, 25,984 mortgages were originated to purchase a home in San Diego County. White borrowers accounted for 57 percent of these purchase loans, while borrowers of color represented 43 percent. Twenty-three percent of all purchase originations went to Hispanic borrowers, 16 percent went to Asian borrowers, 3 percent went to Black borrowers, and 1 percent went to American Indian or Alaska Native borrowers.

From 2012 to 2021, the share of purchase loans originated to white borrowers declined, while the proportion of purchase loans originated for borrowers of color has grown (figure 112). Each nonwhite demographic group experienced a greater share of purchase mortgage lending from 2012 to 2021. The share of purchase mortgages originated for Hispanic borrowers rose from 17 percent to 23 percent, and the proportion of purchase mortgages originated for Asian borrowers increased from 14 percent to 16 percent. Additionally, the proportion of purchase mortgages originated for Black borrowers climbed from 2 percent to 3 percent, and the share of purchase loans originated for American Indian or Alaska Native borrowers rose from nearly 0 percent to 1 percent.

FIGURE 112

Share of Purchase Mortgages, by Race or Ethnicity, in San Diego County



Source: 2012 and 2021 HMDA data.

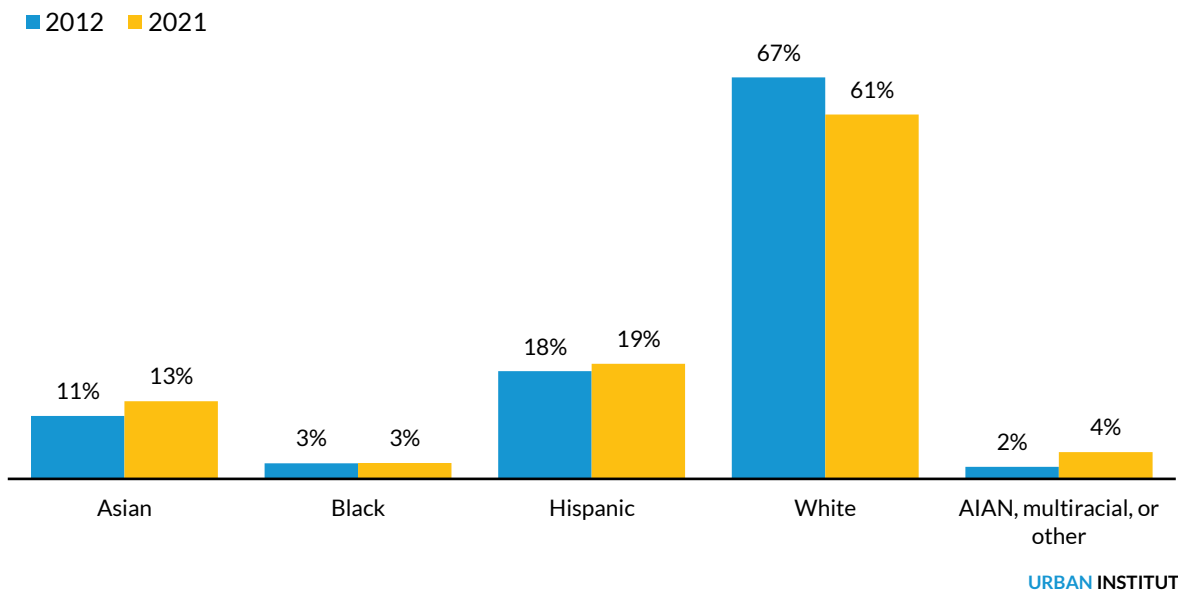
Notes: ACS = American Community Survey; AIAN = American Indian or Alaska Native; HMDA = Home Mortgage Disclosure Act. The race and ethnicity labels in this figure are different than the labels on figures using ACS data because the HMDA data provide different information on race. Although the ACS allows respondents to describe their race as two or more races or another race, HMDA does not, which is why this figure lacks a “multiracial or other” category.

Homeownership Trends

There were 631,760 homeowners living in San Diego County in 2021, compared with 573,530 in 2012. In 2021, homeowners of color accounted for 39 percent of all homeowners, up from 33 percent in 2012 (figure 113). The 6 percentage-point decline in the share of white homeowners, from 67 percent to 61 percent, was offset by a 2 percentage-point increase in the shares of Asian homeowners (from 11 percent to 13 percent) and American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races (from 2 percent to 4 percent), as well as a 1 percentage-point increase in the share of Hispanic homeowners (from 18 percent to 19 percent). The share of Black homeowners held largely steady at 3 percent.

FIGURE 113

Share of Homeowner Households, by Race or Ethnicity, in San Diego County



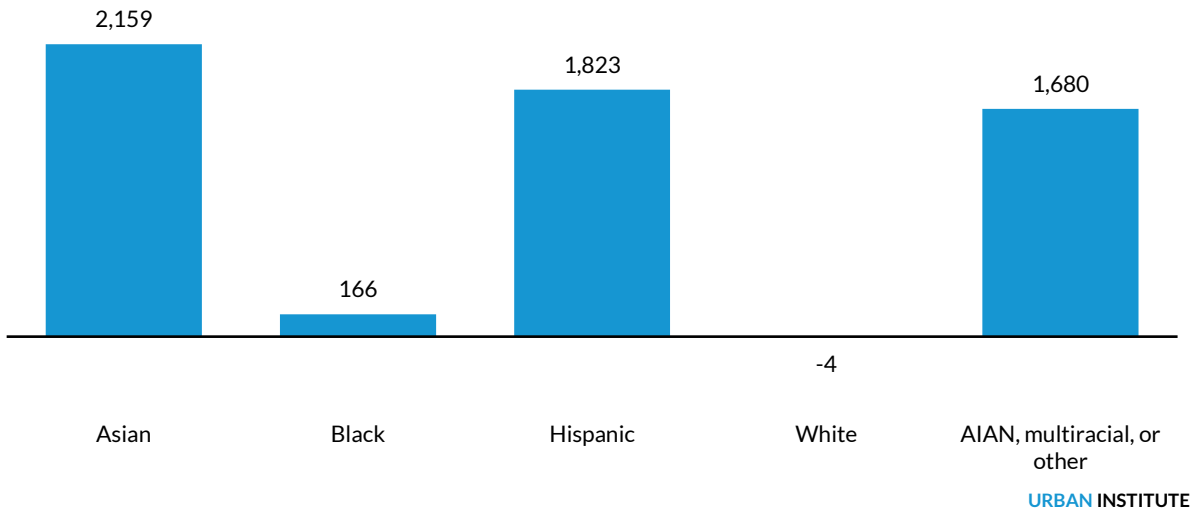
Source: 2012 and 2021 one-year American Community Surveys.

Note: AIAN = American Indian or Alaska Native.

The change in the number of homeowners is a net flow of the difference between the number of new homeowners in San Diego County that are homeowners and an outflow of those households that are no longer homeowners in the county. On average, San Diego County has averaged 5,823 net homeowners per year from 2012 to 2021. And this average annual increase reflects net homeowners of color. Over this 10-year period, an average of 2,159 net Asian homeowners were added per year, in addition to 1,823 net Hispanic owners; 1,680 net American Indian or Alaska Native homeowners, multiracial homeowners, and homeowners of other races; and 166 net Black homeowners (figure 114). Meanwhile, on average, the net number of white homeowners declined by 4 per year.

FIGURE 114

Annual Average of Net Homeowners, by Race or Ethnicity, San Diego County, 2012–21



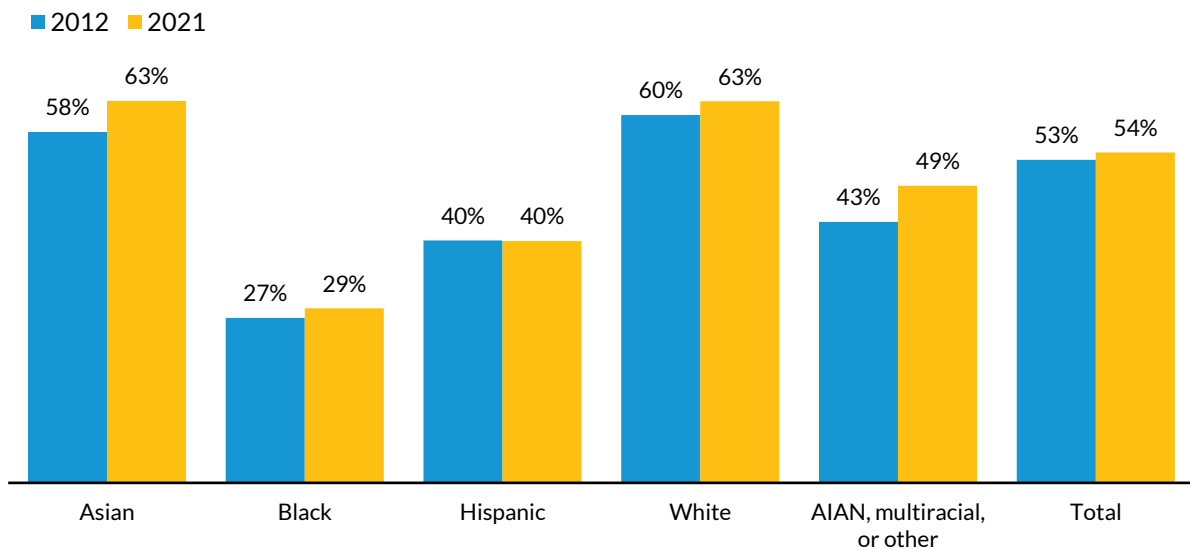
Source: 2012–21 one-year American Community Surveys.

Notes: AIAN = American Indian or Alaska Native. To calculate the average annual net homeowners between 2012 and 2021, we take the difference between the number of homeowners in 2021 and in 2012. We then divide that difference by 10 for the average annual change in homeowners. It would be more precise to calculate year-over-year changes, and this is doable with the data, but the 2020 data are not available for this year-to-year analysis.

Amid growth in net new homeowners, the homeownership rates for each racial or ethnic category, except Hispanic households, rose from 2012 to 2021 (figure 115). Over this same period, Asian households have closed the homeownership rate gap with white households, while other households of color continue to lag the white homeownership rate.

FIGURE 115

Homeownership Rates, by Race or Ethnicity, in San Diego County



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Source: 2012 and 2021 one-year American Community Surveys.

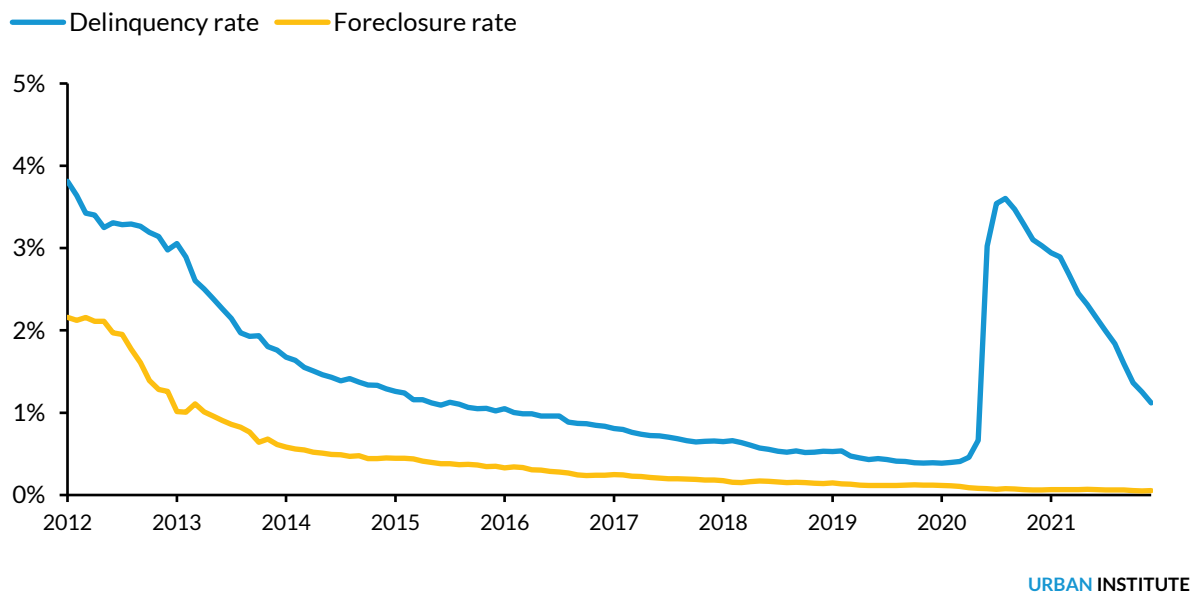
Notes: AIAN = American Indian or Alaska Native. The homeownership rates are calculated in single years, in contrast to table 19, where they are the average over a five-year period covering 2016 to 2020.

Homeownership Preservation

The net change in the number of homeowners of color is also related to homeownership sustainability. The 90-day mortgage delinquency rate and the foreclosure rate have fallen since the Great Recession (figure 116). But the mortgage delinquency rate jumped in response to the more recent pandemic recession. Although a recovery in mortgage delinquency appears to be under way, the current delinquency rate remains above its prepandemic level.

FIGURE 116

90-Day Mortgage and Delinquency Rates in San Diego County



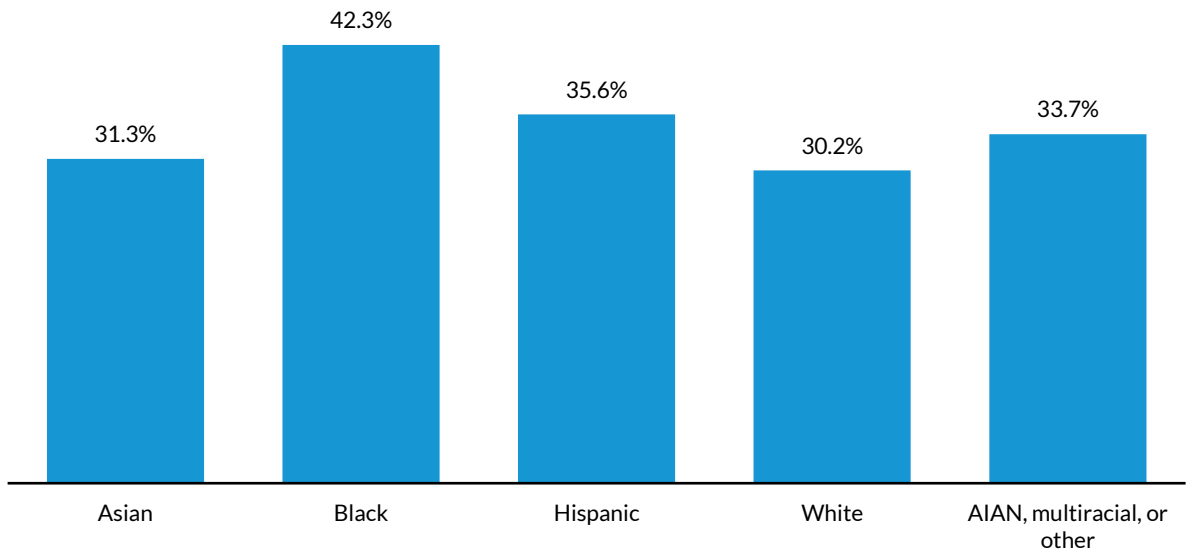
Source: CoreLogic MarketTrends.

Note: Although delinquency rates are based on unpaid mortgages, foreclosure rates can be related to unpaid mortgages, tax liens, or other issues.

Apart from the pandemic, a larger proportion of homeowners of color face housing precarity (figure 117). This makes these homeowners more vulnerable if they experience job loss or even sharp home price appreciation. In addition, cost-burdened homeowners may be less able to afford home improvements that can sustain their homeownership.

FIGURE 117

Share of Cost-Burdened Homeowners, by Race or Ethnicity, in San Diego County



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Source: 2016–20 five-year American Community Survey.

Note: AIAN = American Indian or Alaska Native.

Appendix. Rural Counties, by State

The following are counties, unless otherwise noted.

Alabama. Barbour, Bullock, Butler, Choctaw, Clarke, Conecuh, Dallas, Escambia, Greene, Hale, Lee, Lowndes, Macon, Marengo, Monroe, Perry, Pickens, Pike, Sumter, Wilcox

Alaska (census areas). Bethel, Kusilvak, Yukon-Koyukuk

Arizona. Apache, Graham, Navajo, Santa Cruz

Arkansas. Bradley, Chicot, Columbia, Crittenden, Desha, Hempstead, Jefferson, Lafayette, Lee, Mississippi, Monroe, Nevada, Newton, Phillips, Poinsett, St. Francis, Searcy, Woodruff

California. Fresno, Imperial, Tulare

Kentucky. Adair, Bath, Bell, Breathitt, Casey, Clay, Clinton, Cumberland, Elliott, Estill, Floyd, Harlan, Hart, Jackson, Johnson, Knott, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Magoffin, Martin, Menifee, Metcalfe, Monroe, Morgan, Owsley, Perry, Pike, Powell, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley, Wolfe

Louisiana (parishes). Acadia, Avoyelles, Bienville, Caddo, Caldwell, Catahoula, Claiborne, Concordia, De Soto, East Carroll, Evangeline, Franklin, Jefferson, Lincoln, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Rapides, Red River, Richland, St. Helena, St. Landry, St. Mary, Tangipahoa, Tensas, Washington, Webster, West Carroll, Winn

Mississippi. Adams, Amite, Attala, Benton, Boliva, Chickasaw, Choctaw, Claiborne, Clarke, Clay, Coahoma, Copiah, Covington, Forrest, Grenada, Holmes, Humphreys, Issaquena, Jasper, Jefferson, Jefferson Davis, Kemper, Lafayette, Lauderdale, Leake, Leflore, Lowndes, Marion, Montgomery, Neshoba, Noxubee, Oktibbeha, Panola, Pike, Quitman, Scott, Sharkey, Simpson, Sunflower, Tallahatchie, Tunica, Walthall, Washington, Wayne, Wilkinson, Winston, Yalobusha, Yazoo

Montana. Big Horn, Glacier, Roosevelt, Rosebud

New Mexico. Chaves, Cibola, Doña Ana, Hidalgo, Luna, McKinley, Rio Arriba, Roosevelt, San Juan, San Miguel, Socorro

Oklahoma. Adair, Caddo, Cherokee, Choctaw, Coal, McCurtain, Okfuskee, Seminole

South Dakota. Bennett, Buffalo, Charles Mix, Clay, Corson, Dewey, Jackson, Lyman, McPherson, Mellette, Roberts, Oglala Lakota, Todd, Ziebach

Tennessee. Campbell, Claiborne, Cocke, Fentress, Grundy, Hancock, Johnson, Lake, Scott

Texas. Brooks, Cameron, Duval, Hidalgo, Jim Wells, Kleberg, Presidio, Starr, Webb, Willacy, Zapata

Virginia. Buchanan, Dickerson, Lee, Montgomery

Washington. Okanogan, Whitman

West Virginia. Barbour, Boone, Braxton, Clay, Gilmer, Lincoln, McDowell, Mingo, Monongalia, Roane, Webster, Wyoming

Wisconsin. Menominee

Notes

- ¹ Rashawn Ray, Andre M. Perry, David Harshbarger, Samantha Elizondo, and Alexandra Gibbons, “Homeownership, Racial Segregation, and Policy Solutions to Racial Wealth Equity,” Brookings Institution, September 1, 2021, <https://www.brookings.edu/essay/homeownership-racial-segregation-and-policies-for-racial-wealth-equity/>.
- ² “What the 1921 Tulsa Race Massacre Destroyed,” *New York Times*, March 24, 2021.
- ³ Financial Services Forum, “The Forum File, 2022 Edition #6,” news release, November 17, 2022, <https://fsforum.com/news/the-forum-file-2022-edition-6>.
- ⁴ See also Michael Neal, “Interest Rates Rise,” *Eye on Housing* (blog), National Association of Home Builders, February 2, 2018, <https://eyeonhousing.org/2018/02/interest-rates-rise/>.
- ⁵ This excludes the price trend for the rural collaborative. Because the geographic area of the rural collaborative covers multiple states, devising a single home price data series was not suitable.
- ⁶ Dean Baker, “Falling House Prices Force Tighter Lending Standards,” Center for Economic and Policy Research, February 13, 2008, <https://cepr.net/falling-house-prices-force-tighter-lending-standards/>.
- ⁷ Sarah Foster, “Survey: Recession Odds for 2023 Hover at 64% amid Bank Failures and Higher Rates,” Bankrate, April 5, 2023, <https://www.bankrate.com/banking/federal-reserve/economic-indicator-survey-recession-risks-april-2023/>.
- ⁸ Grant Freking, “Spectrum 1 News: Bank Collapse May Lead to Tighter Lending Standards,” University of Cincinnati, March 29, 2023, <https://www.uc.edu/news/articles/2023/03/spectrum-news-1--bank-collapse-may-lead-to-tighter-lending-standards.html>.
- ⁹ Sejal Naik, “Tighter Credit Conditions following SVB Collapse and Impact on Real Estate Lending,” Virginia Realtors, May 1, 2023, <https://virginiarealtors.org/2023/05/01/tighter-credit-conditions-following-svb-collapse-and-impact-on-real-estate-lending/>.

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About the Authors

Michael Neal is a principal research associate in the Housing Finance Policy Center at the Urban Institute. Previously, he worked at Fannie Mae, where he was a director of economics in the Economic and Strategic Research Group. Before his service at Fannie Mae, Neal was assistant vice president at the National Association of Home Builders' Economic and Housing Policy department. As a housing economist, Neal has an in-depth knowledge of housing market trends and has provided expert analysis and commentary on housing to media outlets around the country. Previously, he worked at Congress's Joint Economic Committee, the Federal Reserve System, the Congressional Budget Office, and Goldman Sachs. Neal has a bachelor's degree in economics from Morehouse College and a master's degree in public administration from the University of Pennsylvania. Neal is a member of the Homeownership Working Group for Project REACH, serves on the advisory board for the Ashoka-Brookings Challenge, and works as an independent consultant for AlphaSights.

Corianne Payton Scally is a senior fellow in the Metropolitan Housing and Communities Policy Center at the Urban Institute, where she explores affordable housing and community development policy and practice from large cities to rural towns. From evaluating federal programs to assessing philanthropic investments, Scally's research focuses on multiple social determinants of health—from affordable housing supply to high-quality drinking water to access to health and human services—and the policy environments and stakeholder capacities that affect community opportunity and well-being. Scally leads mixed-methods research projects, directing extensive primary data collection via site visits, interviews, focus groups, and surveys and analysis of secondary and administrative data to evaluate program processes, performance, and outcomes. Recent studies have focused on how technical assistance is provided to housing organizations, how service coordination works for residents of public housing, how to preserve and increase affordable rental housing supply through innovative finance and collaboration, and how to improve rural data and support asset-based development via a national typology of rural census tracts. Her work has been published in books, research reports, policy briefs, and refereed journals and featured on NPR and in the *Washington Post* and *USA Today*. She started her career as a housing and community economic developer and earned tenure as an associate professor of urban planning. From 2015 to 2016, she led data and research initiatives at the US Department of Agriculture's Rural Housing Service under contract with the Urban Institute. She received her PhD in urban planning and policy development from Rutgers University.

Jung Hyun Choi is a senior research associate in the Housing Finance Policy Center. She studies urban inequality, focusing on housing, urban economics, real estate finance, and disadvantaged populations in the housing market. Before joining Urban, Choi was a postdoctoral scholar at the University of Southern California Price Center for Social Innovation, where her research examined innovative housing and social policies to enhance quality of life for low-income households. Choi holds a PhD in public policy and management from the Price School of Public Policy at the University of Southern California.

Sonia Torres Rodríguez is a research associate in the Metropolitan Housing and Communities Policy Center. Torres Rodríguez applies quantitative and qualitative approaches to the study of policies and programs related to labor and housing markets. Their research interests include racial equity, neighborhood change, equitable recovery from the COVID-19 pandemic, equitable development, econometric analysis, and community-engaged methods. They also assist with the management of the National Neighborhood Indicators Partnership, a network advancing the effective and equitable use of data and technology. Before joining Urban, Torres Rodríguez was a research fellow for the Stanford Center for Poverty and Inequality, supporting a national qualitative and ethnographic study of poverty and inequality in the United States. They graduated from Rice University with a BA in mathematical economic analysis and will graduate with an MS in applied economics from Johns Hopkins University in May 2023. They were recently selected as a 2022 Research in Color mentee.

Caitlin Young is a policy analyst in the Housing Finance Policy Center. She graduated from the University of North Carolina at Chapel Hill with double majors in political science, for which she received highest honors, and in economics. She authored her senior thesis on the impact of state social welfare policy on recidivism outcomes. Before joining Urban, she interned with the Center for Community Self-Help, a community development financial institution.

Lydia Lo is a research associate in the Metropolitan Housing and Communities Policy Center. A qualitative and quantitative researcher, she is an expert in land-use law's effects on housing market affordability, in systems analysis and systems change, and in describing the community development sector. Past projects she has managed include the administration of the National Longitudinal Land Use Survey (a census survey covering urban planning practices in all jurisdictions within the 50 largest US metropolitan areas), qualitative case studies on land-use reform processes, a quantitative assessment of affordable and accessible housing in Connecticut, a strategic assessment of the Robert Wood Johnson Foundation's community development portfolio, and a descriptive analysis of community development multisite, cross-sector initiatives. Lo received her BA in political science from St. Olaf College and an

MPA with a certificate in urban planning and policy from Princeton University. She performed research in China as a Fulbright scholar in 2012 and was named the Lt. Colonel G.S. Kapur Fellow in Public and International Affairs at Princeton in 2018.

Peter A. Tatian is a senior fellow at the Urban Institute and research director for Urban–Greater DC. He is an expert on US housing policy, particularly in the areas of housing assistance and affordable housing preservation. He advises nonprofits on performance management and evaluation and heads Urban’s work providing technical assistance on data collection and use to grantees of the US Department of Education’s Promise Neighborhoods initiative. Tatian directed the evaluation of the National Foreclosure Mitigation Counseling program, which has provided counseling services to more than 1 million troubled homeowners. He has also studied the impacts of public and supportive housing on neighborhoods and has worked on housing policy reform in eastern Europe and the former Soviet Union. Tatian is a member of the DC Local Initiatives Support Corporation advisory committee, the Park Morton New Communities steering committee, and the United Planning Organization community reinvestment advisory council.

STATEMENT OF INDEPENDENCE

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500 L'Enfant Plaza SW
Washington, DC 20024

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