

A photograph of a man and a woman embracing in front of a house. The man is on the left, wearing a grey sweater, and the woman is on the right, wearing a light blue shirt. They are both seen from the back. The house in the background is white with blue shutters and a 'NEW HOME' sign in the yard. The text is overlaid on the image.

# **America's Persistent Racial Homeownership Gaps**

**National Association of Realtors Policy Conference**

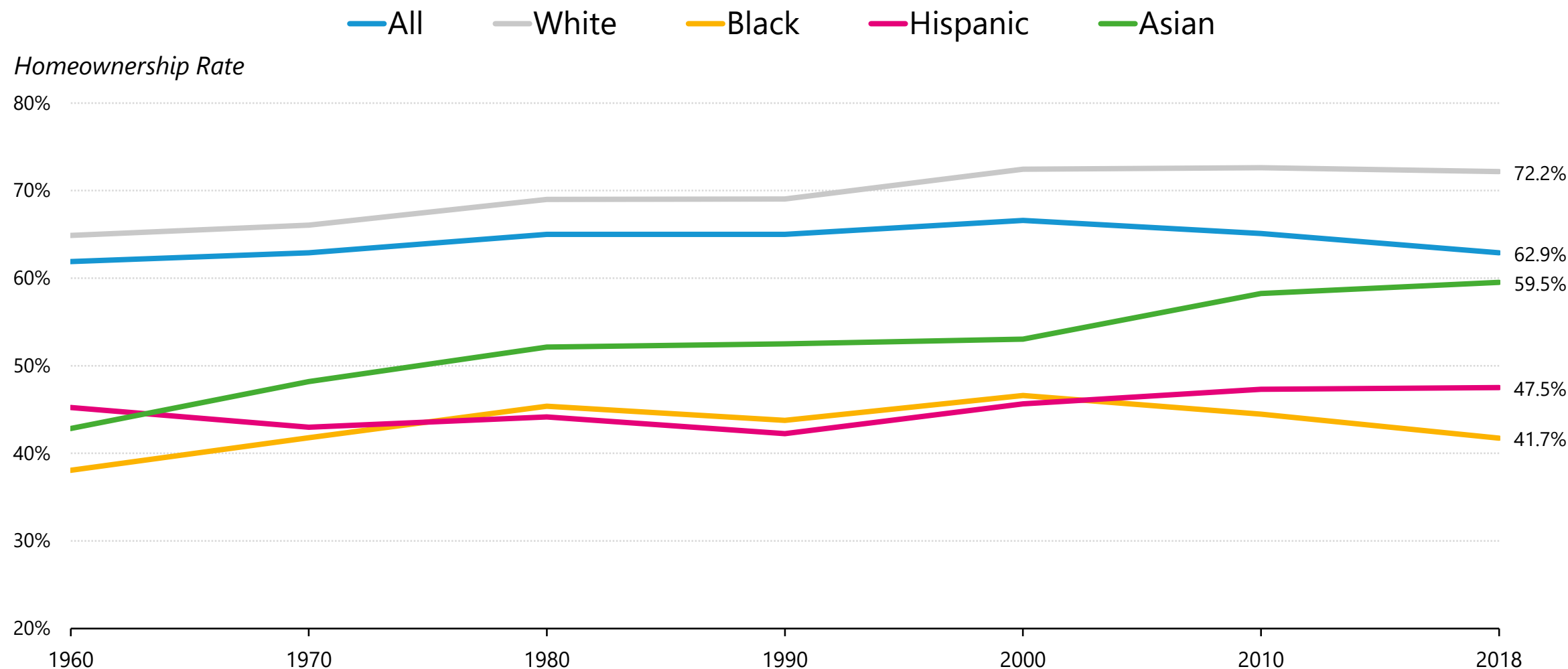
**Alanna McCargo**

**Vice President, Housing Finance Policy Center**

**Urban Institute**

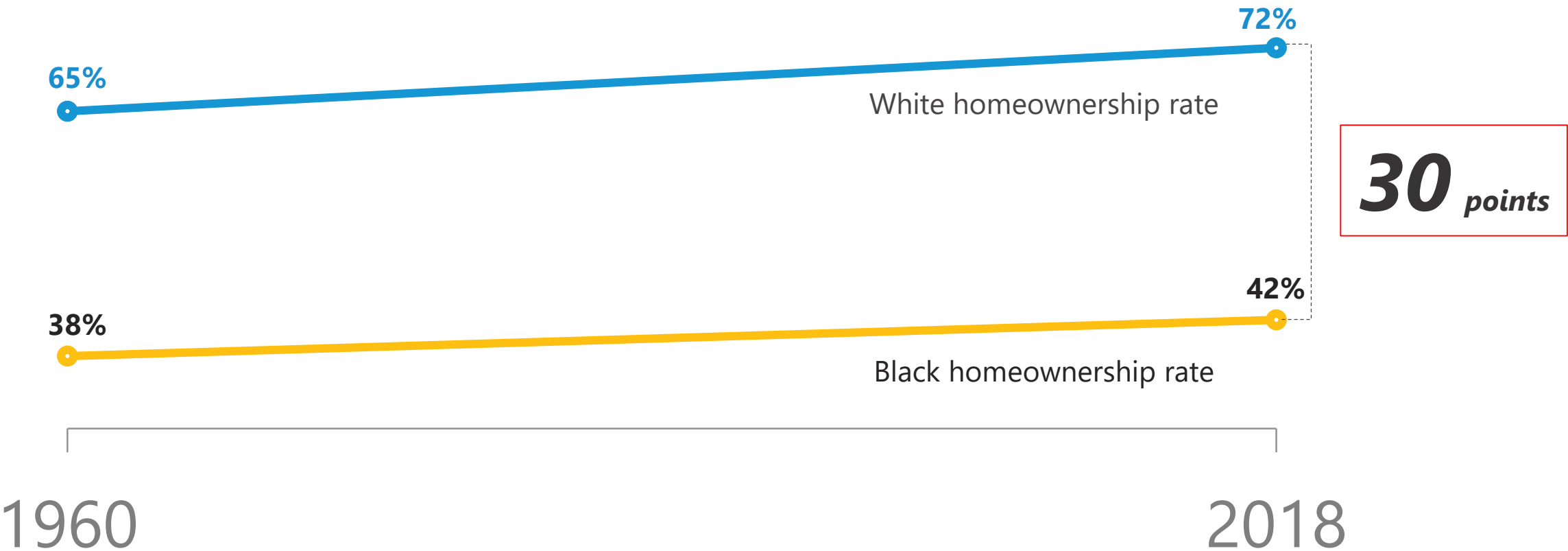
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# Homeownership rates over time, by race



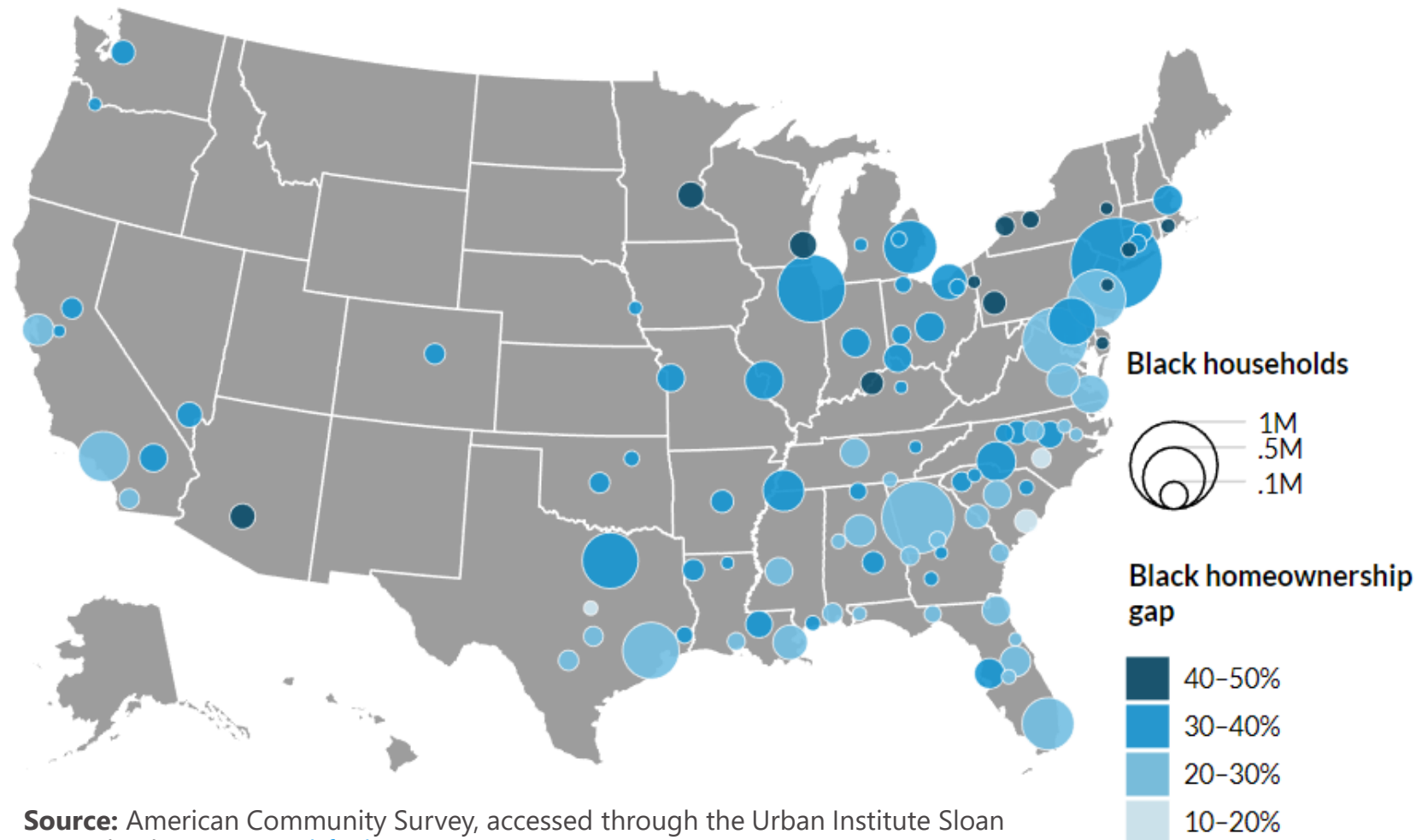
Source: Urban Institute tabulations of American Community Survey Data.

# The gap in black and white homeownership is greater than it was prior to the Fair Housing Act, standing at 30 percentage points



Source: American Community Survey.

# No major city has come close to closing the black/white homeownership gap, not even majority black cities

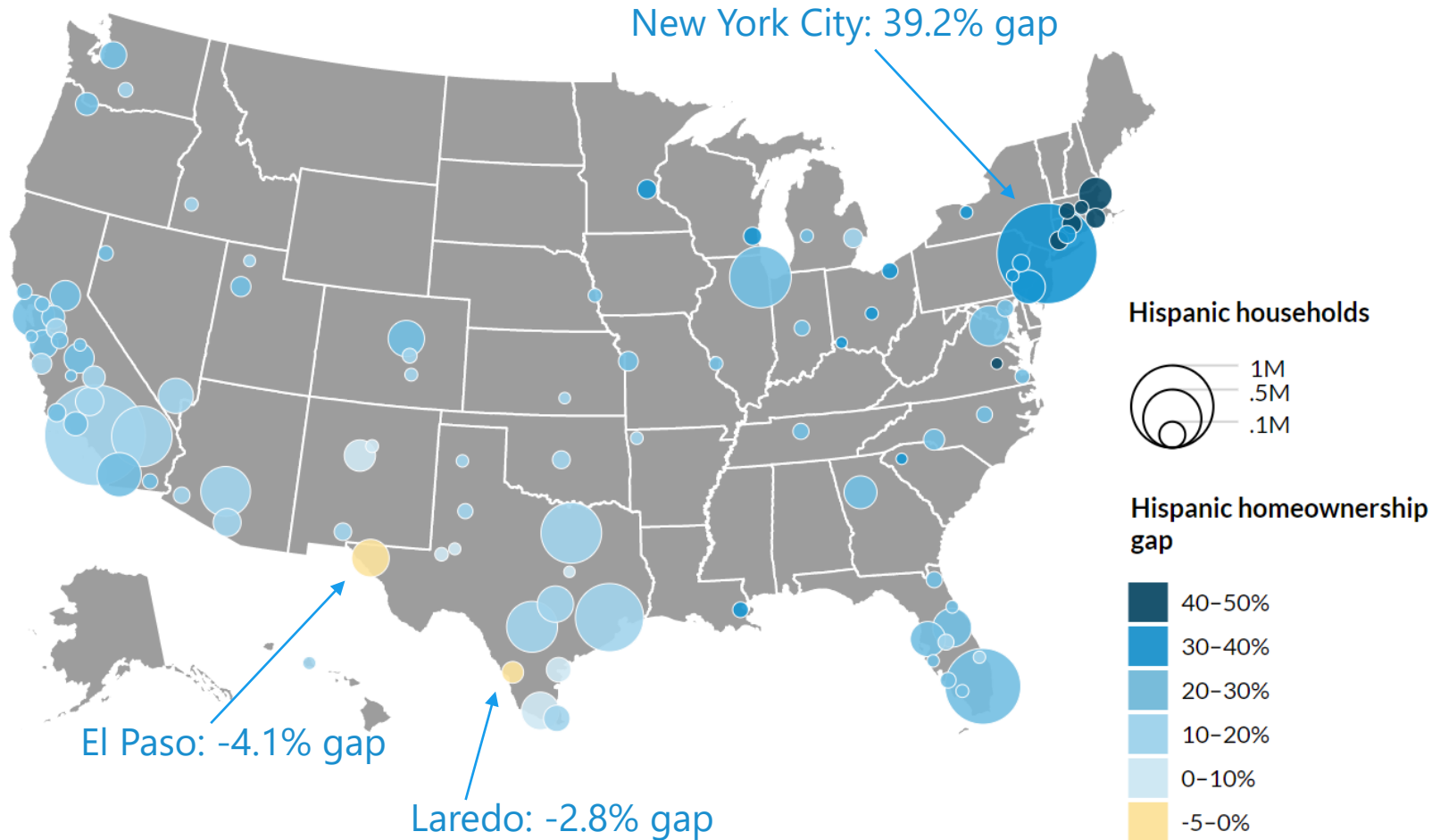


## Top MSAs by Number of Black Households

New York-Newark-Jersey City, NY-NJ-PA  
Atlanta-Sandy Springs-Roswell, GA  
Chicago-Naperville-Elgin, IL-IN-WI  
Washington-Arlington-Alexandria, DC-VA-MD-WV  
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD  
Houston-The Woodlands-Sugar Land, TX  
Dallas-Fort Worth-Arlington, TX  
Detroit-Warren-Dearborn, MI  
Miami-Fort Lauderdale-West Palm Beach, FL  
Los Angeles-Long Beach-Anaheim, CA  
Baltimore-Columbia-Towson, MD  
Memphis, TN-MS-AR  
Charlotte-Concord-Gastonia, NC-SC  
St. Louis, MO-IL  
New Orleans, LA  
Cleveland, OH

**Source:** American Community Survey, accessed through the Urban Institute Sloan ADRF database ([www.adrf.urban.org](http://www.adrf.urban.org))

# Two Texas cities have closed the Hispanic homeownership gap



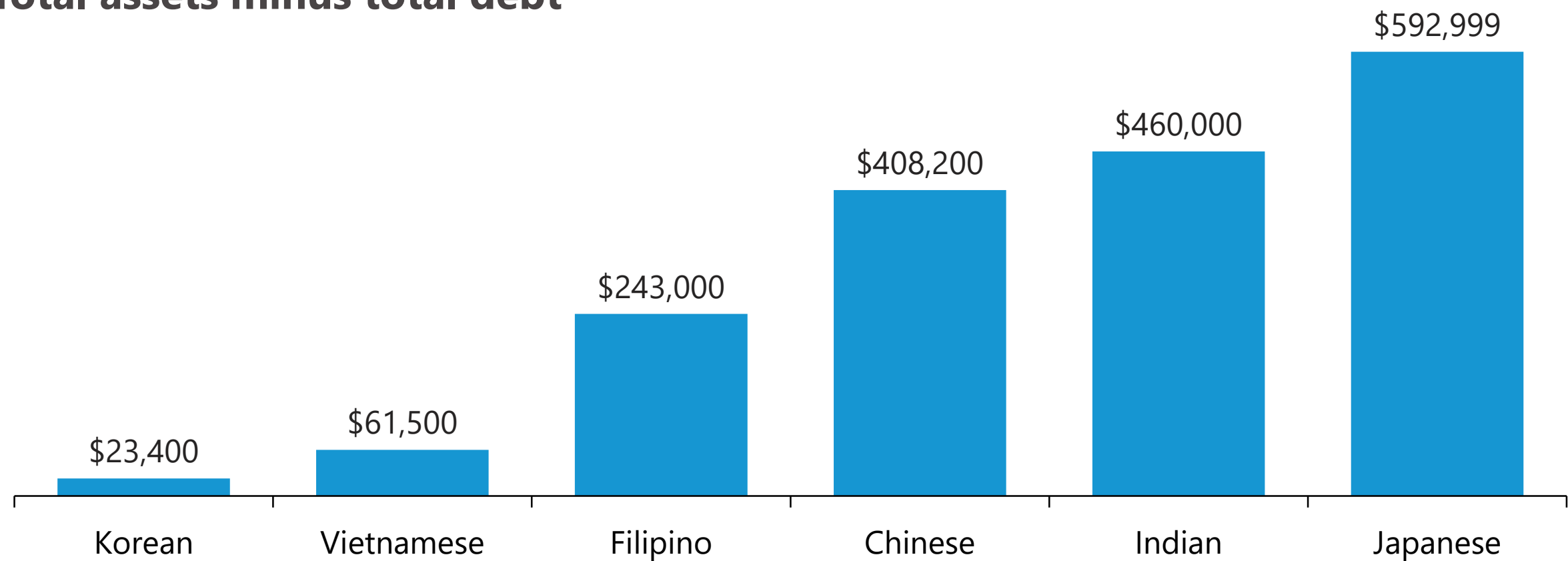
- El Paso and Laredo, TX both have Hispanic homeownership rates slightly higher than their white homeownership rates.
- The Hispanic homeownership gap is largest in the Northeast and smallest in the Southwest.
- Cities with larger Hispanic shares of their population tend to have smaller homeownership gaps.

**Source:** Urban Institute calculations of American Community Survey data.  
**Notes:** Map shows the 100 US cities with the largest Hispanic populations.



# Median net worth among Asian Americans in Los Angeles

Total assets minus total debt



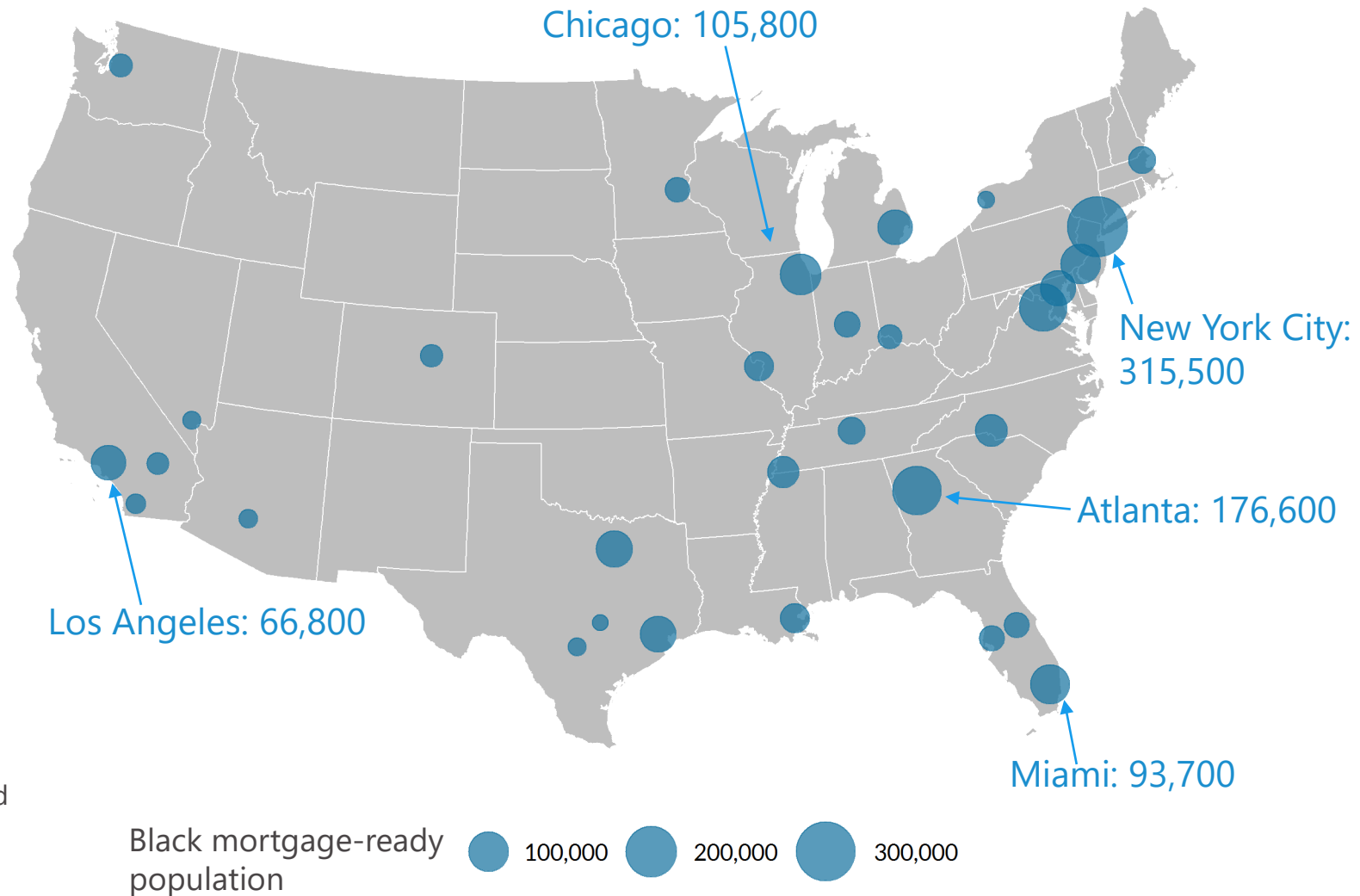
**Source:** Urban Institute calculations based on data from the National Asset Scorecard for Communities of Color survey.  
**Notes:** Assets include liquid assets, financial assets, retirement savings, home and vehicle equity, and the value of all other assets. Debts include vehicle and mortgage debt, medical debt, credit cards and student loans.

# How many black millennials are mortgage-ready?

- In the 31 largest MSAs, there are over 1.7 million black millennials who would qualify for a mortgage.
- New York City, Atlanta, Washington, DC, and Chicago each have more than 100,000 black residents ready for homeownership.

**Source:** Freddie Mac calculations using anonymized credit bureau data.

**Notes:** A consumer is mortgage ready if he or she does not have a mortgage, is 40 or younger, has a FICO score of 620 or above, has a debt-to-income ratio not exceeding 25 percent, has no foreclosures or bankruptcies in the past 84 months, and has no severe delinquencies in the past 12 months. Based on September 2016 data.



# 6.3 Million

Mortgage ready Black and Hispanic millennials in the 31 largest MSAs



# Sizing the Mortgage-Ready Millennial Population by MSA, by Race or Ethnicity

Population in thousands

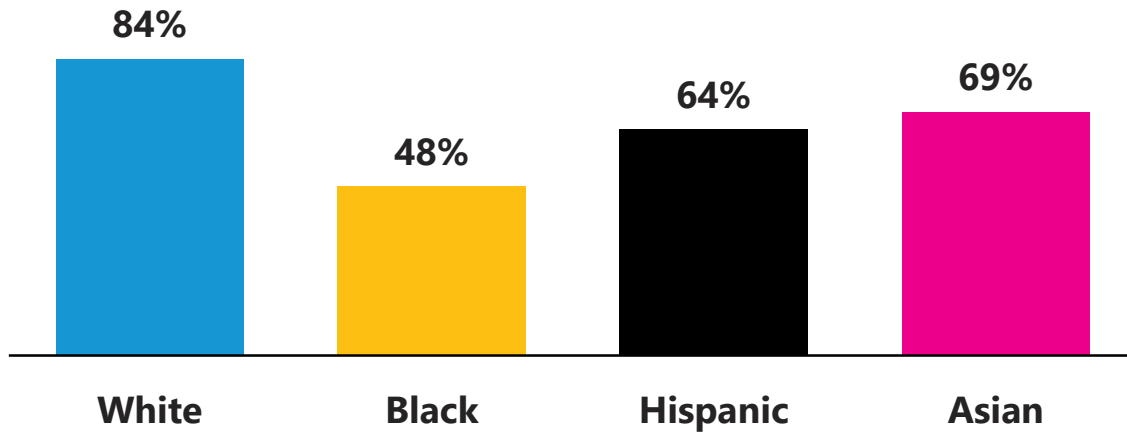
MSA	Age ≤ 40	MR	White		Black		Hispanic		Other	
			Age ≤ 40	MR	Age ≤ 40	MR	Age ≤ 40	MR	Age ≤ 40	MR
Atlanta-Sandy Springs-Roswell, GA	2,540	769	1,099	400	899	177	297	77	199	97
Austin-Round Rock, TX	927	329	518	211	34	8	294	70	58	31
Baltimore-Columbia-Towson, MD	1,232	388	639	235	371	67	102	29	90	45
Boston-Cambridge-Newton, MA-NH	2,002	891	1,304	611	119	29	266	87	210	119
Buffalo-Cheektowaga-Niagara Falls, NY	406	153	301	122	48	8	21	6	22	11
Charlotte-Concord-Gastonia, NC-SC	982	303	547	192	245	49	118	27	54	29
Chicago-Naperville-Elgin, IL-IN-WI	3,961	1,463	2,025	866	637	106	882	280	277	148
Cincinnati, OH-KY-IN	877	262	667	212	121	19	36	7	34	17
Dallas-Fort Worth-Arlington, TX	3,243	1,015	1,615	578	425	74	888	211	246	126
Denver-Aurora-Lakewood, CO	1,296	461	845	333	61	15	289	70	62	28
Detroit-Warren-Dearborn, MI	1,734	577	1,075	403	413	64	76	25	103	56
Houston-The Woodlands-Sugar Land, TX	2,932	943	1,210	449	413	71	1,014	271	232	127
Indianapolis-Carmel-Anderson, IN	875	230	585	171	162	23	76	14	36	17
Las Vegas-Henderson-Paradise, NV	844	249	438	138	53	9	281	73	49	21
Los Angeles-Long Beach-Anaheim, CA	6,058	2,551	2,054	936	283	65	2,662	984	872	481
Memphis, TN-MS-AR	549	138	214	73	281	47	32	8	17	8
Miami-Fort Lauderdale-West Palm Beach, FL	2,669	972	850	358	466	94	1,158	433	95	46
Minneapolis-St. Paul-Bloomington, MN-WI	1,473	566	1,118	440	91	20	81	25	128	60
Nashville-Davidson-Murfreesboro-Franklin, TN	780	248	532	183	135	29	66	16	34	15
New Orleans-Metairie, LA	507	152	245	91	180	37	51	12	19	10
New York-Newark-Jersey City, NY-NJ-PA	8,480	3,784	3,830	1,914	1,132	316	2,052	746	1,126	646
Orlando-Kissimmee-Sanford, FL	1,122	352	543	195	159	23	335	97	50	25
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	2,437	851	1,432	571	515	97	226	57	183	95
Phoenix-Mesa-Scottsdale, AZ	1,724	519	1,025	339	44	9	516	116	90	39
Riverside-San Bernardino-Ontario, CA	1,902	594	765	244	79	14	925	279	95	45
St. Louis, MO-IL	1,214	391	846	307	252	37	40	11	42	22
San Antonio-New Braunfels, TX	998	295	416	149	40	9	497	118	27	14
San Diego-Carlsbad, CA	1,537	621	796	338	38	10	534	187	121	65
Seattle-Tacoma-Bellevue, WA	1,673	677	1,127	450	60	17	182	61	235	124
Tampa-St. Petersburg-Clearwater, FL	1,177	376	736	257	138	22	217	61	49	24
Washington-Arlington-Alexandria, DC-VA-MD-WV	2,830	1,087	1,243	544	638	164	516	167	345	173

**Sources:** Freddie Mac and the Urban Institute.

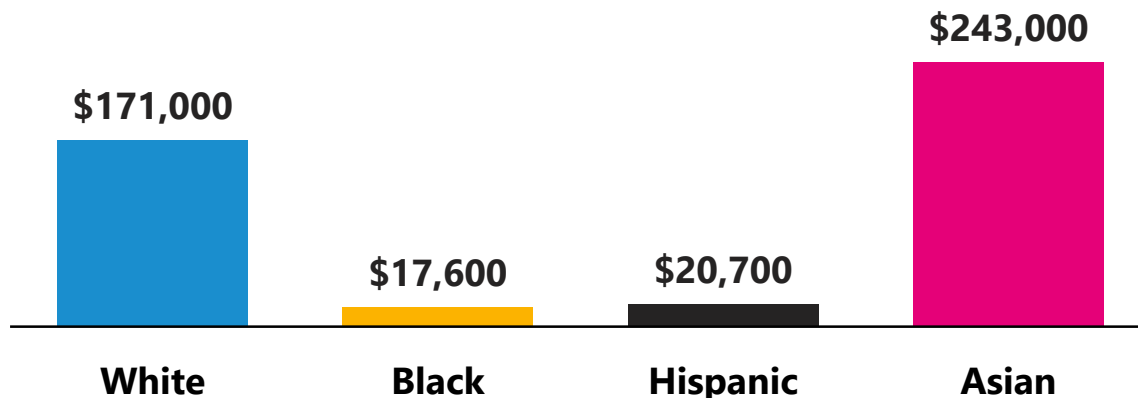
**Notes:** MR = mortgage ready; MSA = metropolitan statistical area. A consumer is mortgage ready if he or she does not currently have a mortgage, is 40 or younger, has a FICO score of 620 or above, has a debt-to-income ratio not exceeding 25 percent, has no foreclosures or bankruptcies in the past 84 months, and has no severe delinquencies in the past 12 months. Based on September 2016 data.

# Intergenerational wealth and homeownership exacerbate racial homeownership inequalities

Parental homeownership rates by race, 2005-



Median parental wealth by race, 2005-2015



- A child's likelihood of being a homeowner increases **8.4 percentage points** if their parents are homeowners
- White parents have the highest homeownership rates of any race, and, on average, have greater wealth than Black and Hispanic parents
- The difference in parental homeownership and wealth explains **12 to 13 percent** of the homeownership gap between black and white young adults