

Recovery Impeded: African-American Homebuying and Asset Rebuilding after the Crisis

Closing the Homeownership Gap in Metro Atlanta & Beyond
August 28, 2019

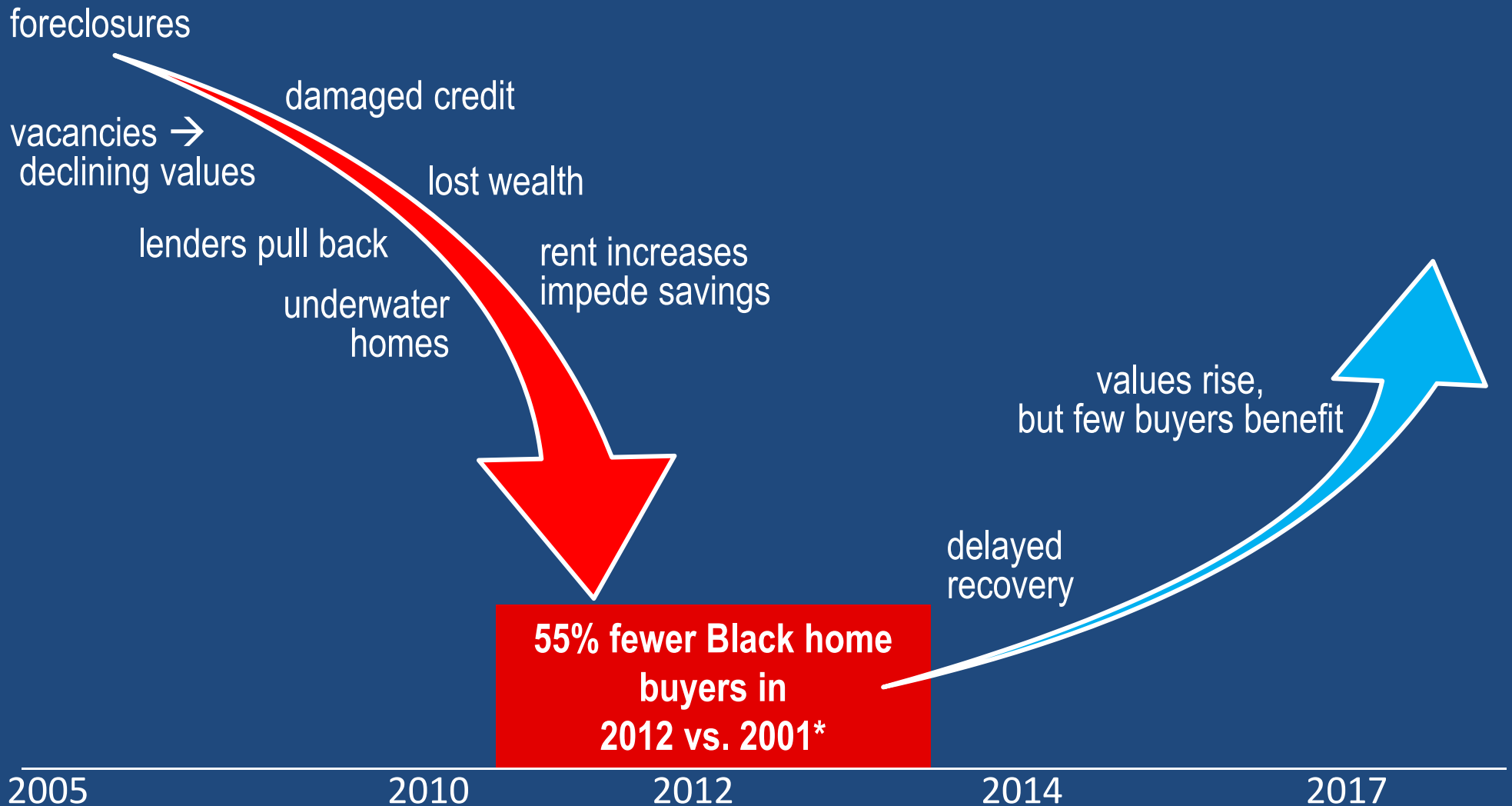
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Losing More on the Way Down and Gaining Less on the Way Up

The Long-term Effects of the Mortgage Crisis on Black Families



- Latinos and, especially, Blacks, were hit especially hard by subprime crisis (Immergluck, 2015; Reid et al., 2017; Emmons, 2017)
 - Those who purchased during 2000s subprime boom did especially poorly (Newman & Holupka, 2015)
 - Slower value recovery (to 2014) in Black neighborhoods, especially in weaker-market metros (Wang, 2018; Raymond, Wang & Immergluck, 2016)
 - Mortgage market changed substantially since crisis & Dodd-Frank Act (2010)
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Q – Among the depressed number of Black buyers in 2012, how did homes appreciate?

Q – How did Black homebuyers fare compared to white buyers?



An Important Aside: Asking About Appreciation of Black Buyers ≠ Asking About Appreciation of Black Neighborhoods

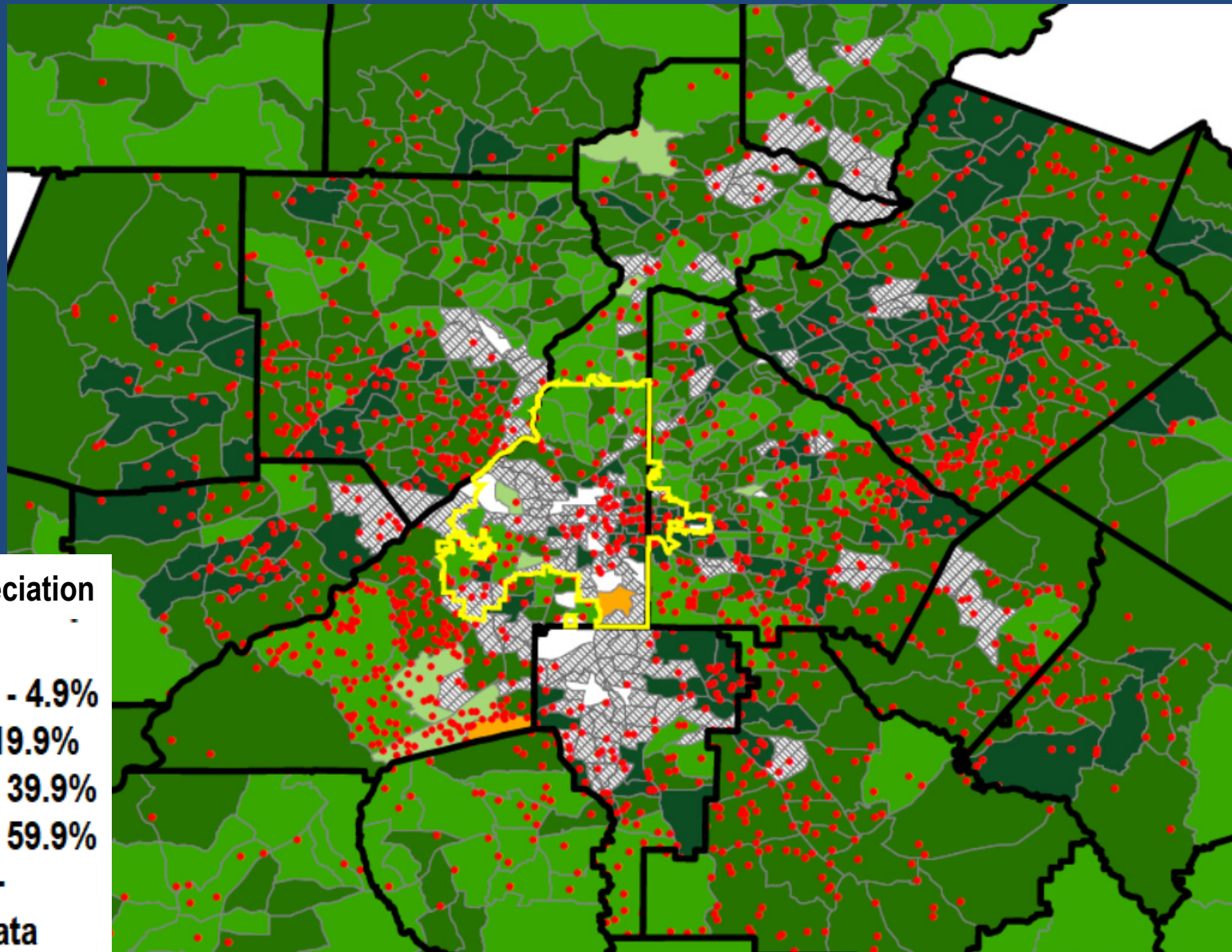
**→ Most Black Homebuyers in Large Metros Don't Buy
in Majority-Black Neighborhoods**

**The Neighborhoods where Black Homebuyers Purchase Homes
15 large metros (similar results for 50 largest metros)**

	Black Buyers	
Race/Ethnicity of Tract, 2016	2012	2017
75%+ White	21.7%	20.5%
50-74.9% White	23.3%	26.2%
Diverse, or Majority Latino or Asian	25.1%	24.9%
50-74.9% Black	15.5%	14.0%
75% Black	14.4%	14.3%
	100.0%	100.0%



2012 Black Homebuyers vs. 2012-2017 Appreciation



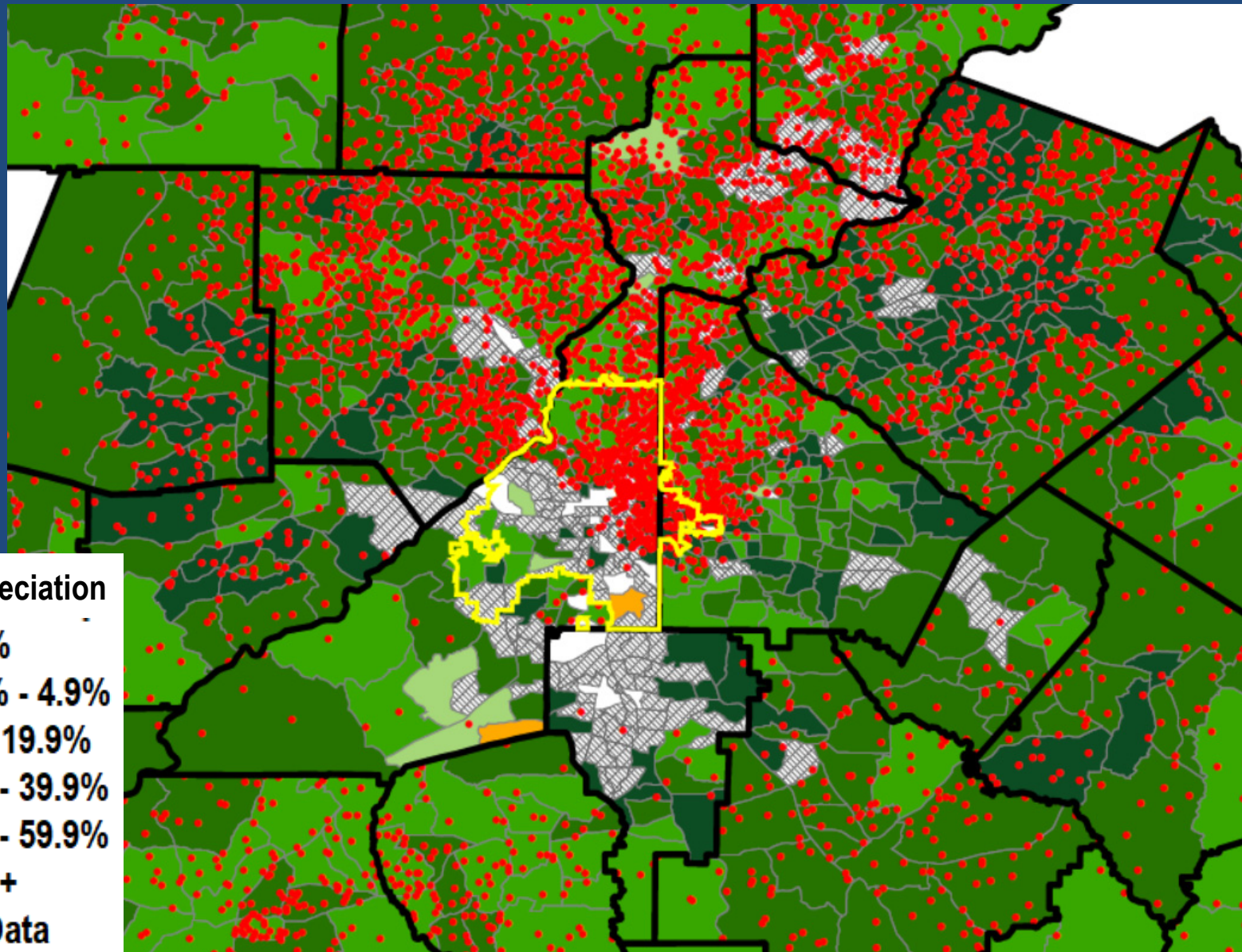
One dot = 5 buyers



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Immergluck, Earl & Powell, 2019. Black Homebuying after the Crisis: Appreciation Patterns in Fifteen Large Metropolitan Areas. Forthcoming, *City & Community*.

2012 White Homebuyers vs. 2012-2017 Appreciation



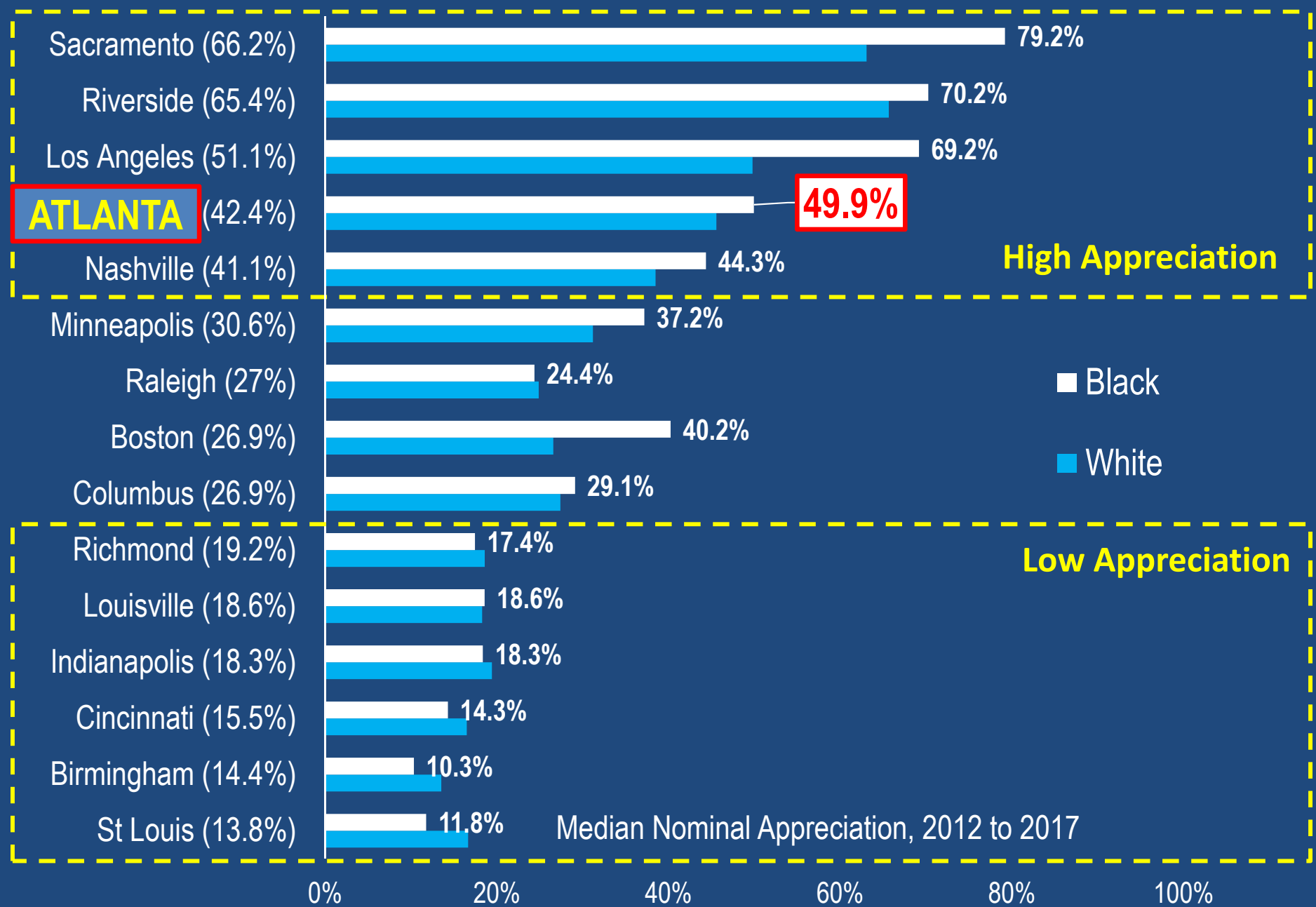
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2012 - 2017 Median Appreciation for 2012 Homebuyers by Metro



Estimated 5-year Gains in Real Housing Wealth 2012 Black Homebuyers in 15 metros Actual vs. Increased Homebuying Scenarios

	Black Share	Black Homebuyers	Total Real Gain (Billions, 2017 \$)
Actual Number of Black Homebuyers in 2012	6.80%	26,093	\$1.71 B
...If Increased to % of Homeowners	9.30%	35,897	\$2.36 B
...If Increased by ratio of <u># 2001 Black Loans in US</u> # 2012 Black Loans in US	N/A	58,187	\$3.82 B



Takeaways

- 2007-11: Black homeowners bore disproportionate costs of subprime crisis
- 2011+ : Tight mortgage markets, damaged credit & weak fair lending enforcement → many Black households missed out on recovery
- Black households who were able to buy in 2012+ saw substantial appreciation, especially in medium-strong appreciation markets
 - E.g., in metro Atlanta, ~50% appreciation/5 years

Black homeownership can help rebuild assets & reduce racial wealth gap

- Down-payment assistance, CDFIs, mortgage revenue bonds
- Stronger Community Reinvestment Act policy & enforcement
- Maintain 2010+ Dodd-Frank regulations
- Modernize & strengthen FHA lending
- Limit risk-based pricing, maintain strong public role in secondary market

