

HOUSING AND RESILIENCE

RESILIENT LOUISIANA COMMISSION

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Ann Carpenter

Federal Reserve Bank of Atlanta

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FEDERAL RESERVE BANK OF ATLANTA



FRB ATLANTA
(SIXTH DISTRICT)

COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM AT THE ATLANTA FED

MISSION

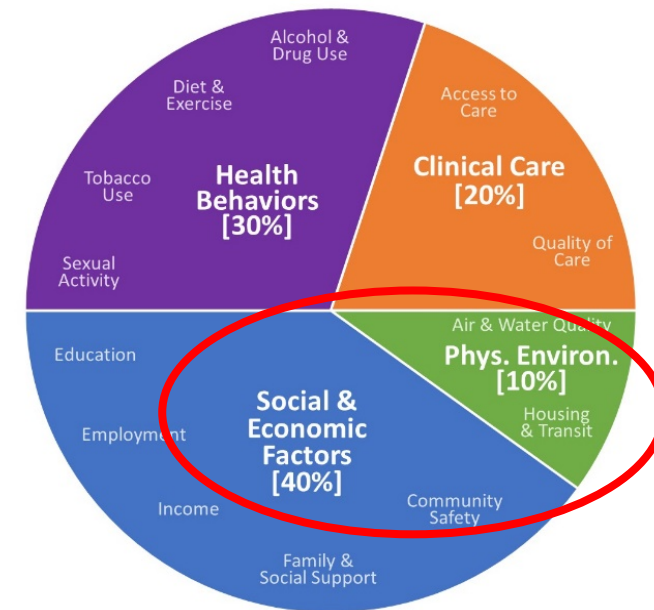
To activate financial, human, and social capital to foster the conditions that support economic growth in the southeast, especially in disinvested communities.



HOUSING IS CENTRAL TO OPPORTUNITY

- **Stable and affordable housing is a cornerstone of household financial security and resilience**
- **Where your housing is located determines many outcomes: school quality, job accessibility, safety and health, and economic mobility**
- **Housing is increasingly recognized as a critical social determinant of health**
- **Affordable housing options support collective growth and prosperity of a community**

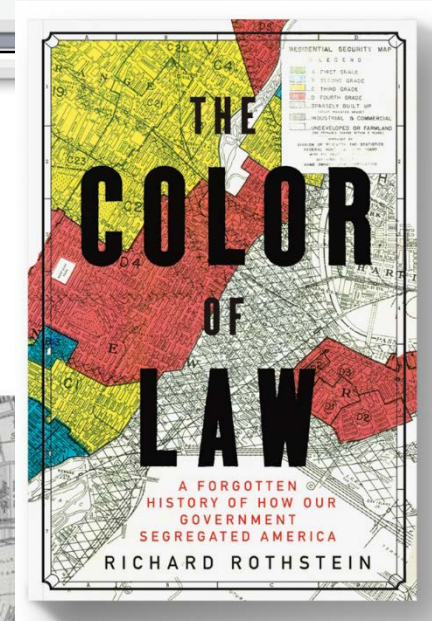
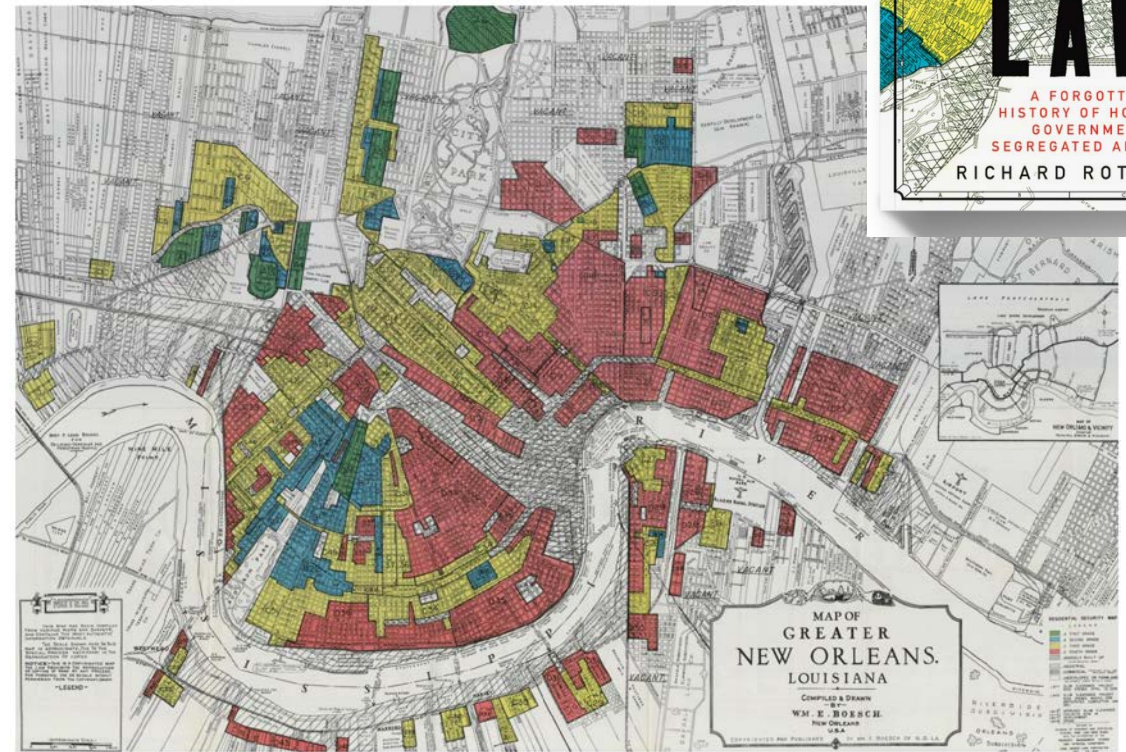
Figure 1: The Factors Impacting Health Outcomes



Source: Adapted from the University of Wisconsin's *County Health Rankings model (2014)*

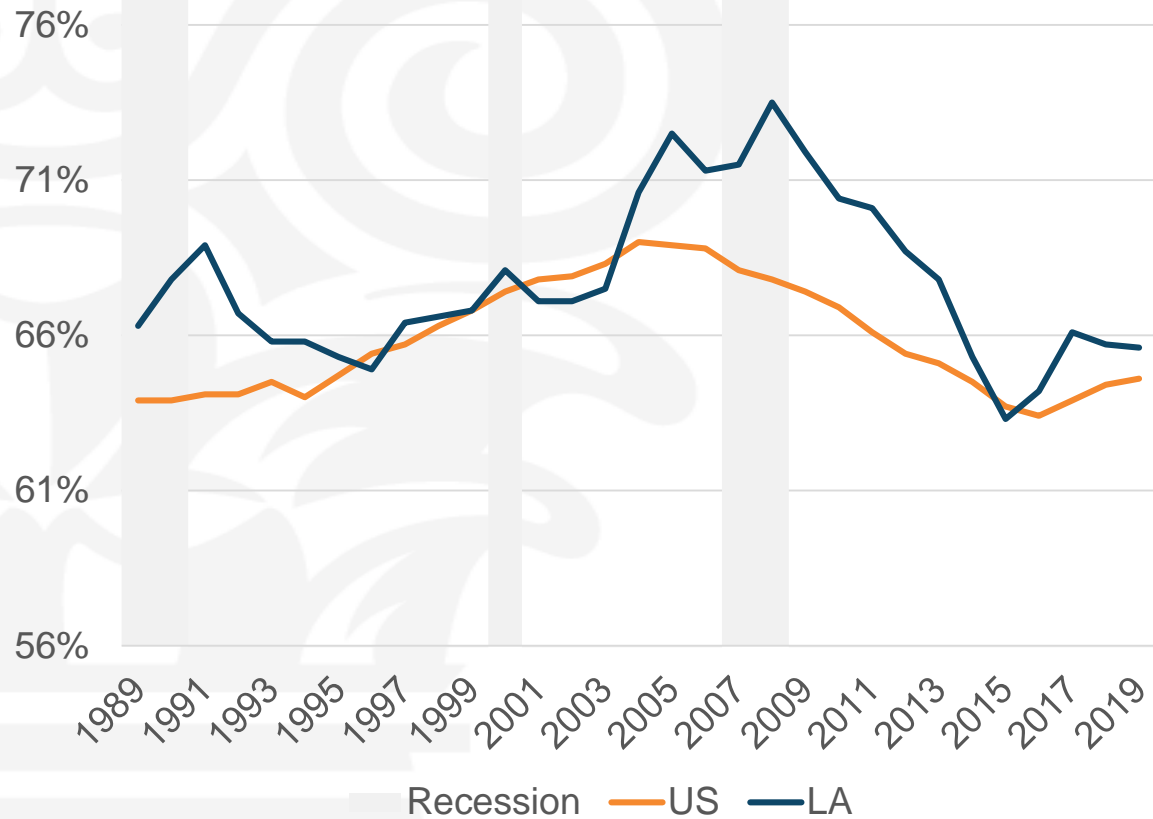
HOUSING DISCRIMINATION AND SEGREGATION DEFINE MANY INEQUITIES WE FACE TODAY

- **Overt discrimination against households of color by the government and private sector was legal for most of the 20th century**
- **Impacts of these practices are still apparent in residential segregation, disinvestment, and the racial wealth divide**
- **COVID has the potential to widen these disparities**

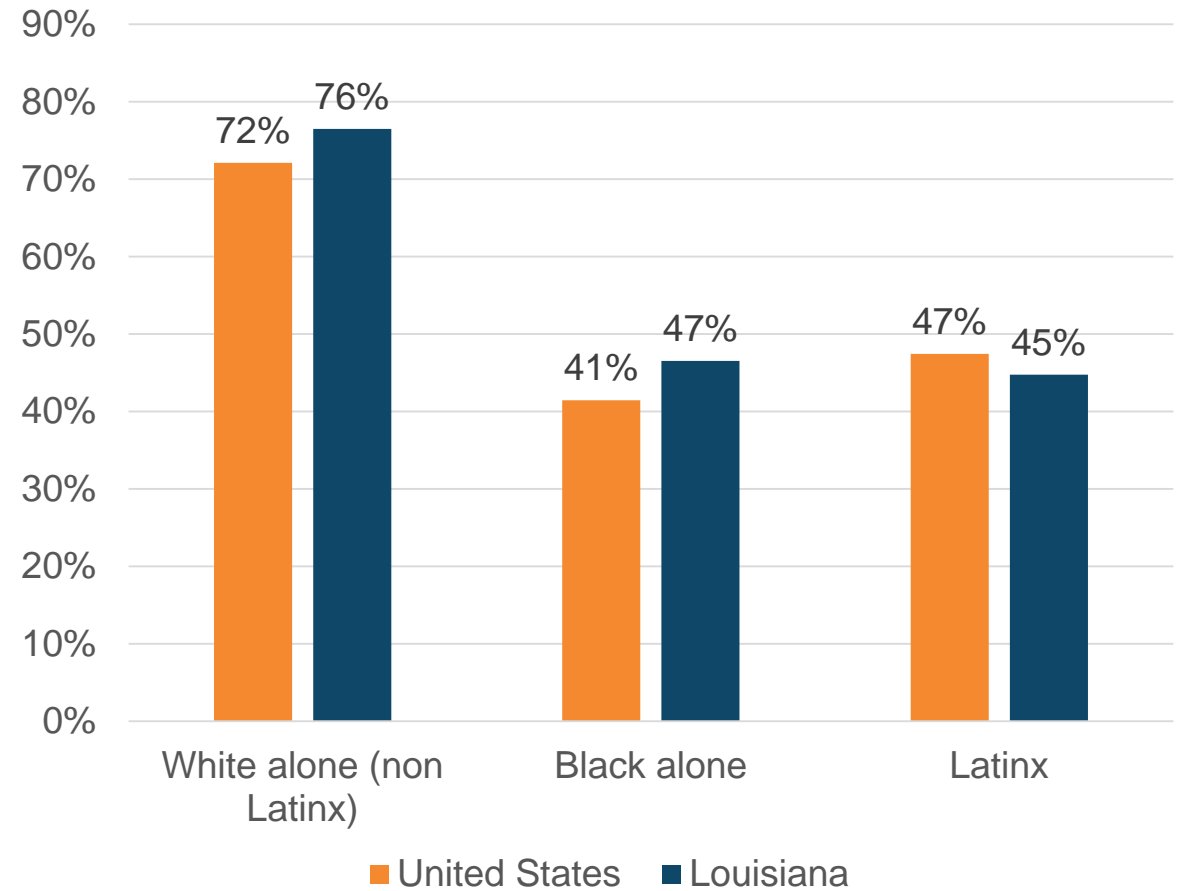


HOMEOWNERSHIP RATES ARE LOWER FOR BLACK AND LATINX FAMILIES THAN WHITE FAMILIES

Homeownership Rate



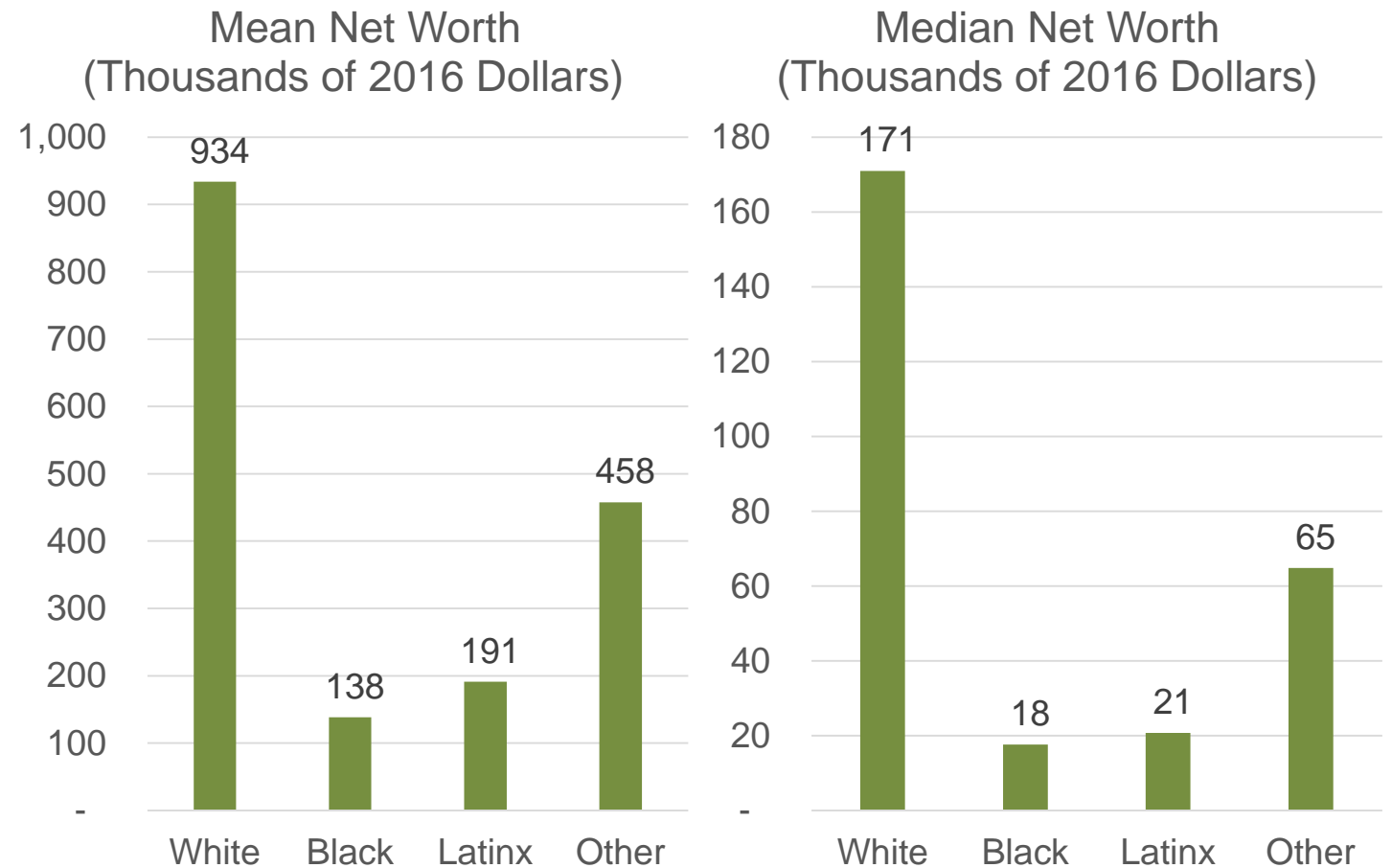
2018 Homeownership Rate by Race and Ethnicity



Source: Census CPS/HVS, ACS 1-Year estimates

BLACK AND LATINX WEALTH ALSO LAG THAT OF WHITE FAMILIES (HOUSING IS A SIGNIFICANT FACTOR)

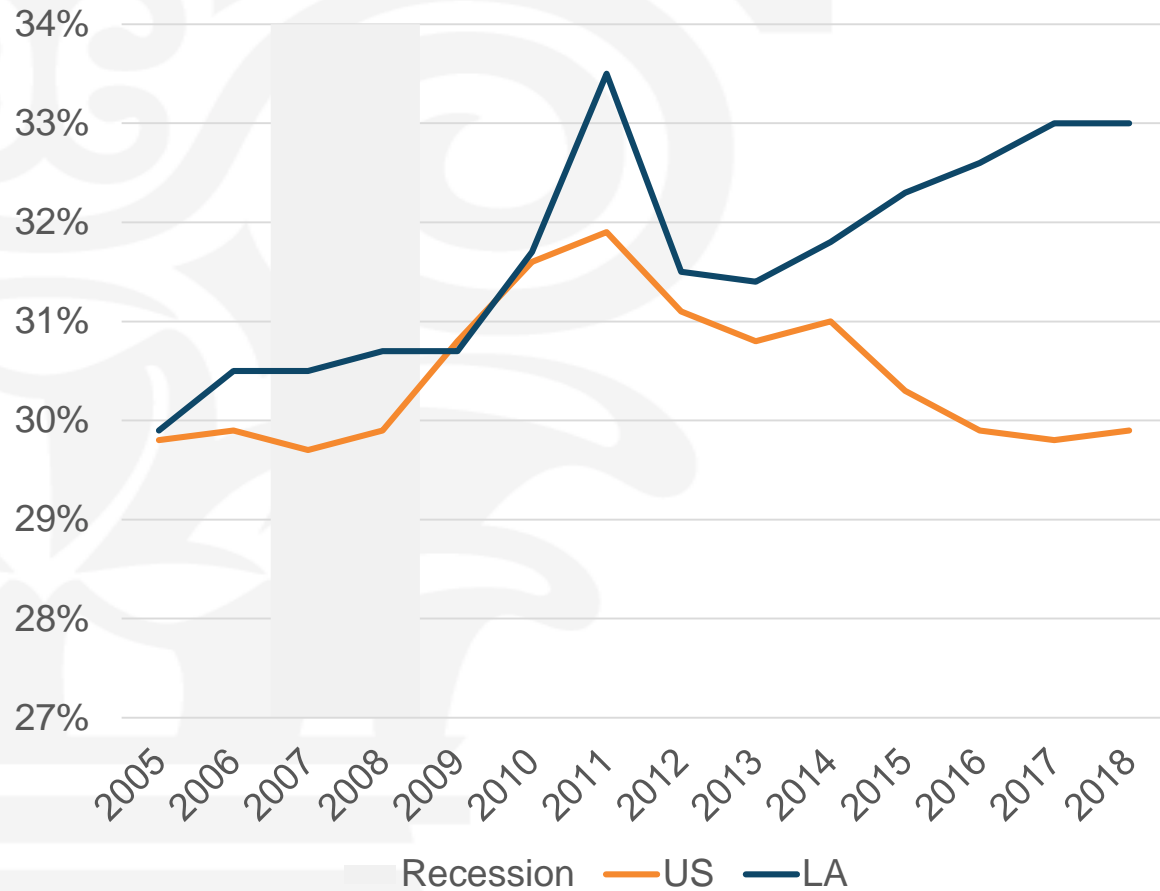
- **32% of White, 37% of Black, and 39% of Latinx family assets are derived from housing wealth**
- **White families have an average of \$216K in housing wealth, while Black families have \$94K and Latinx families have \$130K**



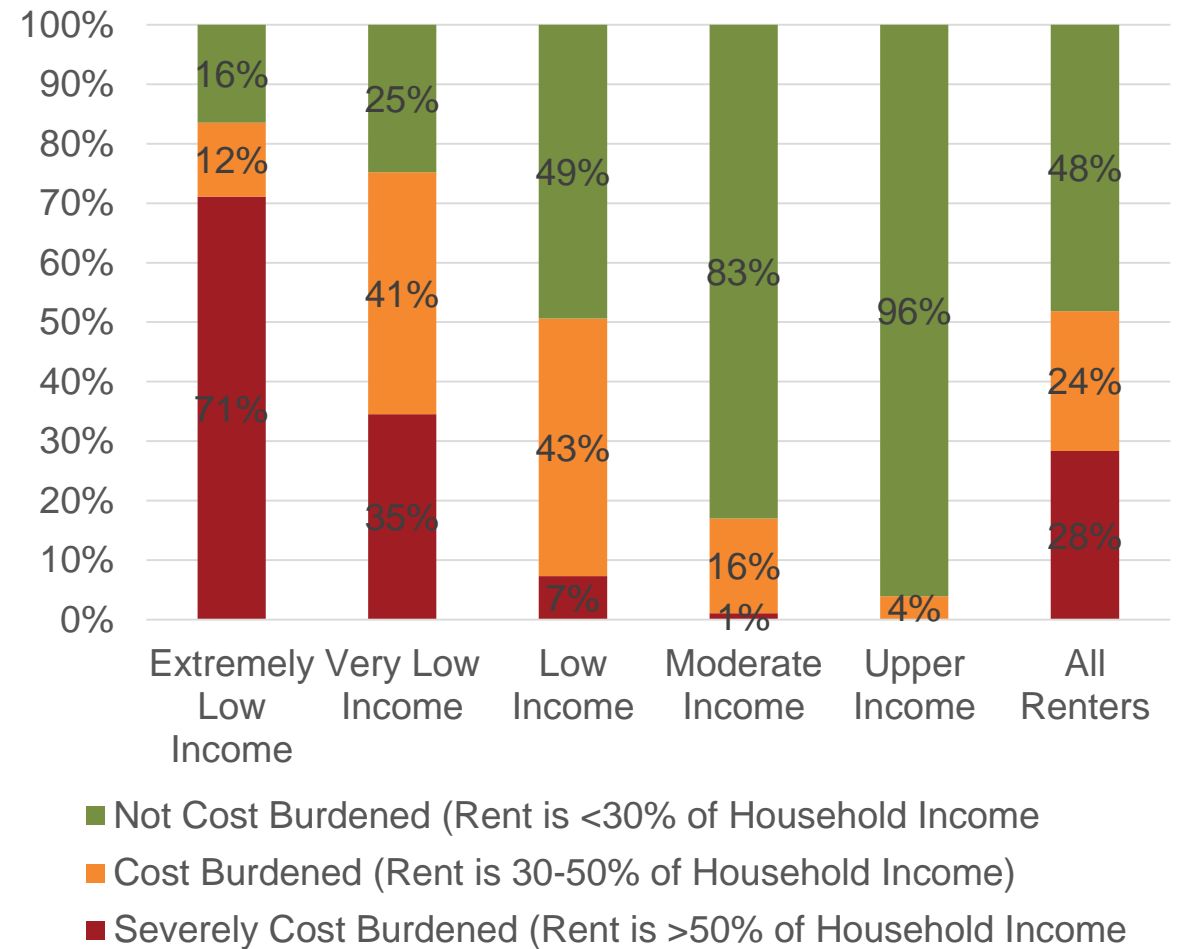
Source: Federal Reserve Board, Survey of Consumer Finances, Net Worth by Race/Ethnicity, 2016 Survey

RENTERS IN LOUISIANA ARE INCREASINGLY COST BURDENED

Median Gross Rent as a Percentage of Household Income (Renter Households Only)



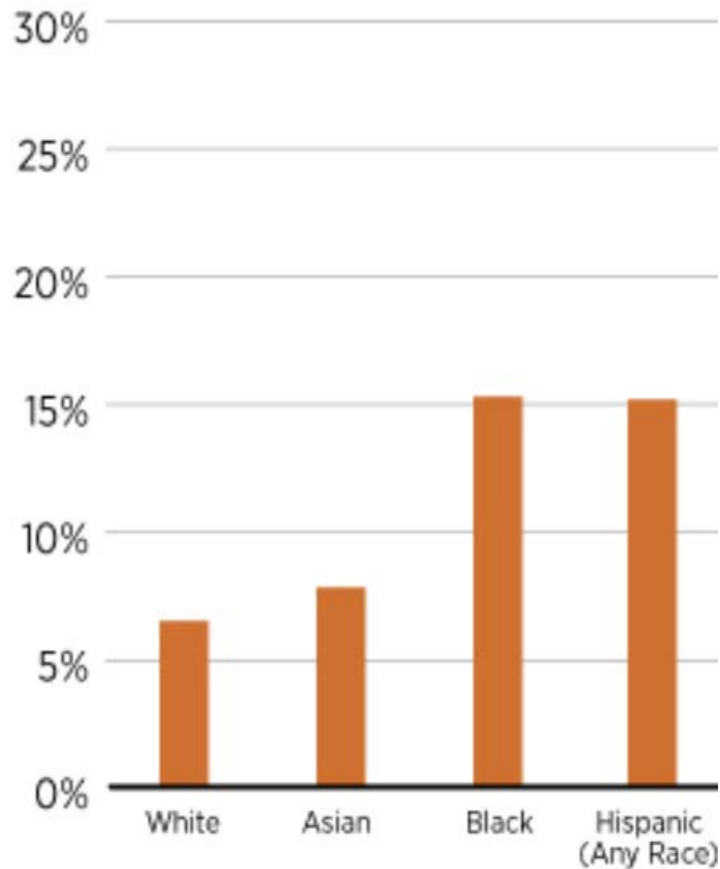
% Cost Burdened Renter HHs by Income



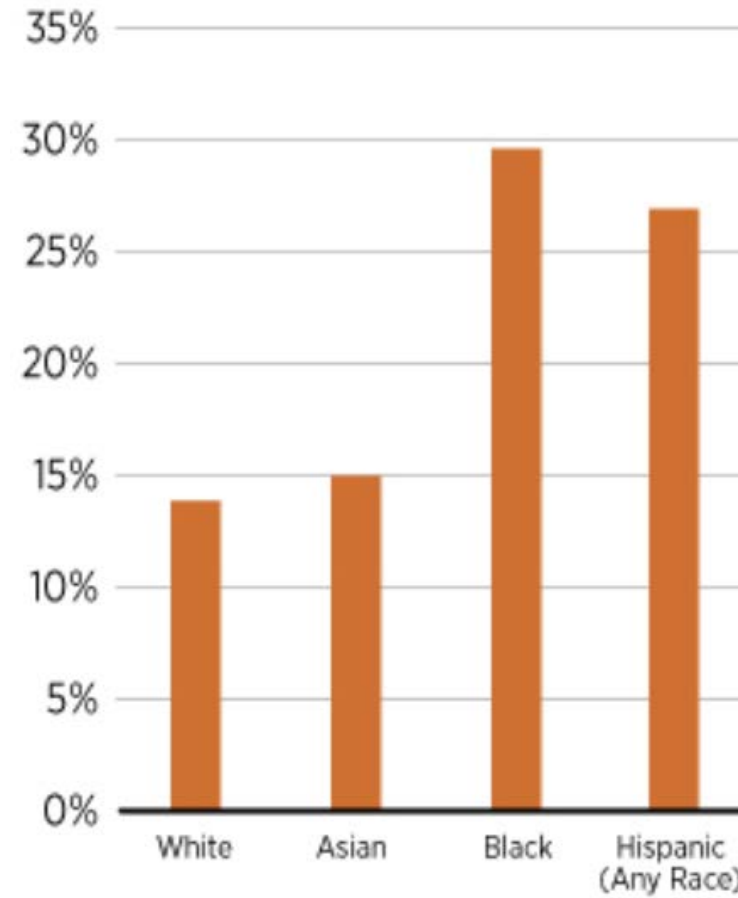
Source: U.S. Census ACS 1-Year estimates

COVID MAY EXACERBATE DISPARITIES BY RACE AND ETHNICITY

Late or Deferred Mortgage Payments



Late or Deferred Rent Payments

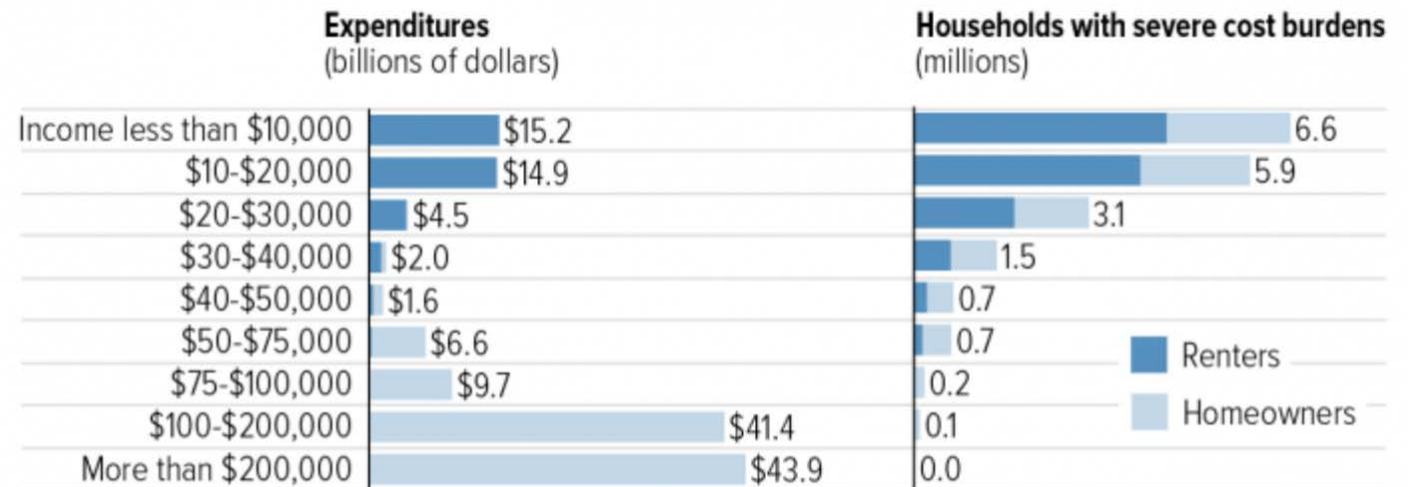


Source: Federal Reserve Bank of St. Louis analysis of U.S. Census Bureau 2020 Household Pulse Survey (Week 12, July 16-21)

CURRENT FEDERAL SUBSIDIES ARE INSUFFICIENT AND HAVE FAVORED WEALTHY HOMEOWNERS

- Only 1 in 4 renter households that qualify for assistance receive a housing subsidy
- Even after the Tax Cuts and Jobs Act, the Tax Foundation found that high-income households receive the vast majority of mortgage interest deduction benefit

Federal Housing Expenditures Poorly Matched to Need



Notes: Data are for 2015. Homeowner expenditures include the mortgage interest and property tax deductions; income figures are for tax filing units. Rental expenditures include total outlays for the Housing Choice Voucher, Section 8 Project-Based, Public Housing, Housing for the Elderly (Section 202), and Housing for People with Disabilities (Section 811) programs; income figures are for households. Data on the income of beneficiaries of various housing expenditures are available only for these programs, which represent about three-fourths of homeownership and rental spending. HUD defines households with severe cost burdens as those paying more than half their income for housing.

Sources: CBPP analysis of HUD program data, Census data on number of households and cost burdens in each income group, Joint Committee on Taxation tax expenditure estimates, and the Office of Management and Budget public budget database

HEIRS' PROPERTY IS A BARRIER TO INTERGENERATIONAL WEALTH AND DESTABILIZES COMMUNITIES

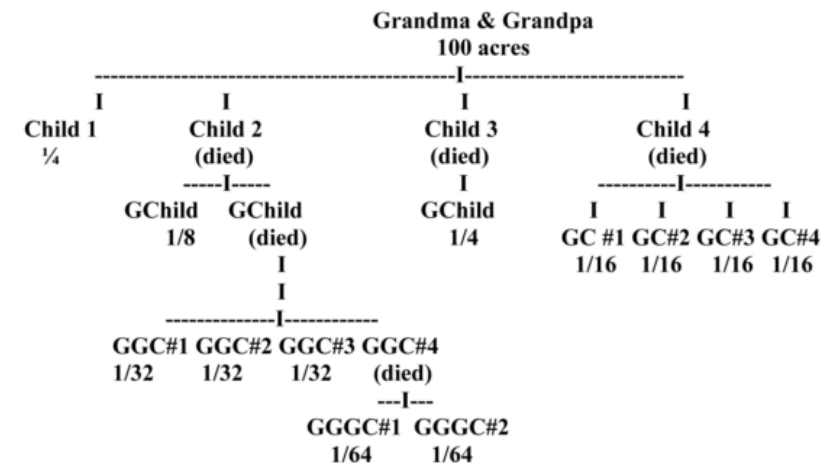
WHAT IS HEIRS' PROPERTY?

- Inherited intestate (without a will)
- Heirs are joint owners with undivided interest
- No clear, marketable title
- Vulnerable to disputes and predatory land deals

WHY IS IT IMPORTANT?

- Heirs cannot access grants or loans for property improvements

- May lead to blight, health and safety concerns, loss of tax revenue, and lower property values
- Disproportionately high among Black, Indigenous, People of Color, and low-income and low-wealth households



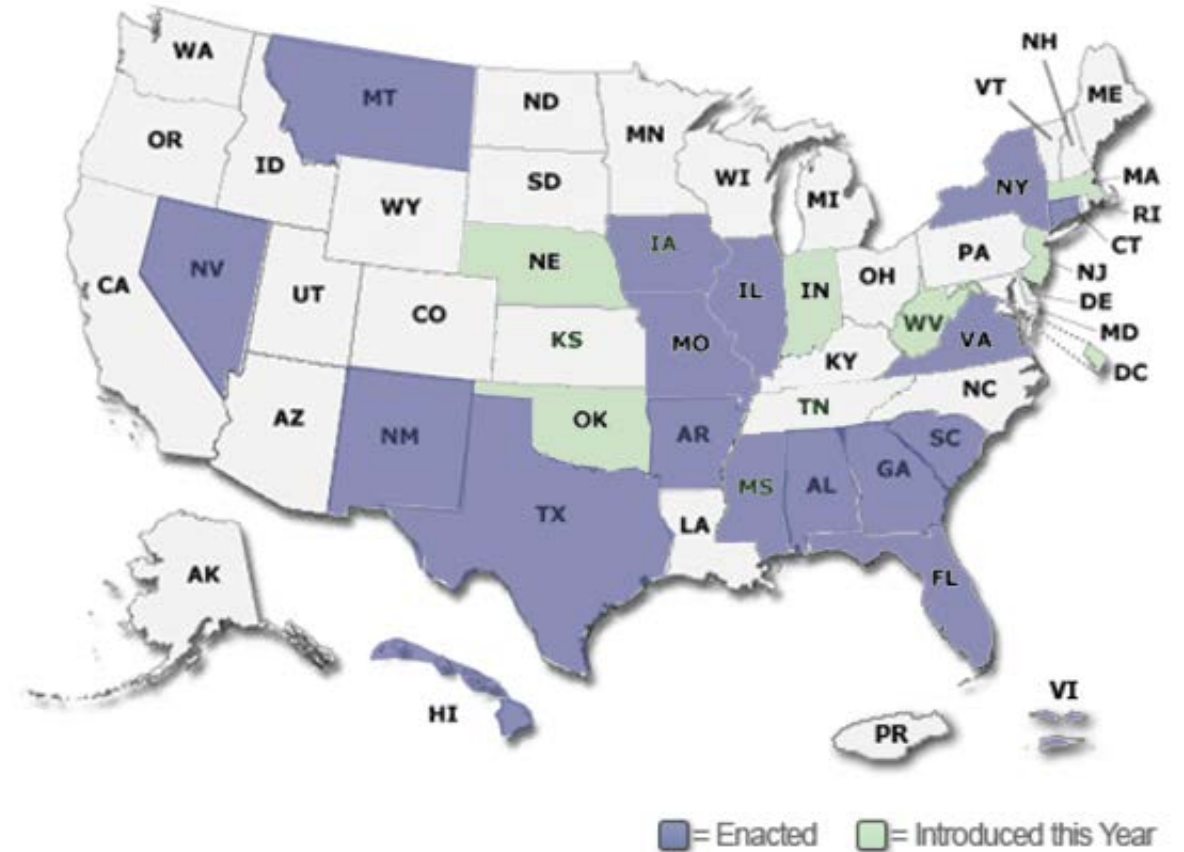
Source: Baab, 2011

POTENTIAL POLICY INTERVENTIONS

Unique moment to enact policies that contribute to collective prosperity rather than exacerbate disparities

- **Uniform Partition of Heirs Property Act**
- **Dedicated source of affordable housing funding**
- **Small dollar mortgage availability (<\$100K)**

Legislative Enactment Status
Partition of Heirs Property Act



AFFORDABLE/SMALL DOLLAR MORTGAGE EXAMPLES

Detroit Home Mortgage

- Led by Community Reinvestment Fund, Kresge and Ford, City of Detroit, Michigan state HFA, & others
- Available through 5 banks
- Provides soft second to allow purchase of home at current appraised value plus up to \$75K for repairs

MicroMortgage Marketplace pilot (Louisville, KY)

- Flexible underwriting for loans under \$100K
- Partnership between HCA, Fahe, and Urban Institute

HOPE Enterprise Corporation

- Focus on areas of persistent poverty
- Affordable, high-impact mortgage lending



Thanks!

Ann Carpenter

ann.carpenter@atl.frb.org