



AN ANALYTICAL REPORT

**SYSTEMIC BARRIERS TO HOME  
OWNERSHIP AMONG BLACK,  
INDIGENOUS & PEOPLE OF  
COLOR (BIPOC) COMMUNITIES &  
POLICY SOLUTIONS**

2022

Arizona  
Housing  
Coalition



*Speaking up for home and hope*



## About Us

The Arizona Housing Coalition is Arizona's leading statewide agency providing exclusive networking, educational and training opportunities for professionals in the affordable housing and ending homelessness field.

## MISSION

As a collaborative association, we lead the efforts to end homelessness and advocate for safe, affordable homes for all Arizonans.

## VISION

Every Arizonan has a safe, affordable place to call home.

## REPORT OVERVIEW

The racial homeownership gap is worse today than it was in 1960<sup>1</sup> when housing discrimination based on race was legal. Black Americans have the lowest rate of homeownership in the US at a rate of 47%, compared to 76% for White Americans. The rate for Hispanic homeownership is 51.4%, for Native Americans 50.8%,<sup>2</sup> and for Asian, Native Hawaiian and Pacific Islanders, 61.4%.<sup>3</sup>



# Systemic Barriers to Home Ownership among BIPOC

Discriminatory practices in housing, such as redlining, have had lasting effects today, which continue to impact people of color, further creating barriers to home ownership and housing stability for marginalized communities. The following are just some of the main factors that influence these barriers.

## REDLINING

Redlining today refers to discriminatory policy, however the term originates from the historic practice of mapping out areas that were deemed risky investments. Color-coded maps set parameters for appraisals and to rank loan-worthiness. This created situations where black homeowners were unable to access home loans backed by government insurance programs or by private lenders.<sup>3</sup> Such policies have created residential segregation and a downward socioeconomic spiral within BIPOC communities.

## INCOME DISPARITY

Inequalities in employment, lending and the cost of economic racism have led to income disparity among marginalized communities, further impacting the rates of homeownership among BIPOC communities.<sup>4</sup>

## HOUSING COSTS

Median housing prices have been on the rise in recent years and this rise in costs, compounded with other factors, has created another barrier to homeownership for BIPOC communities.<sup>5</sup>

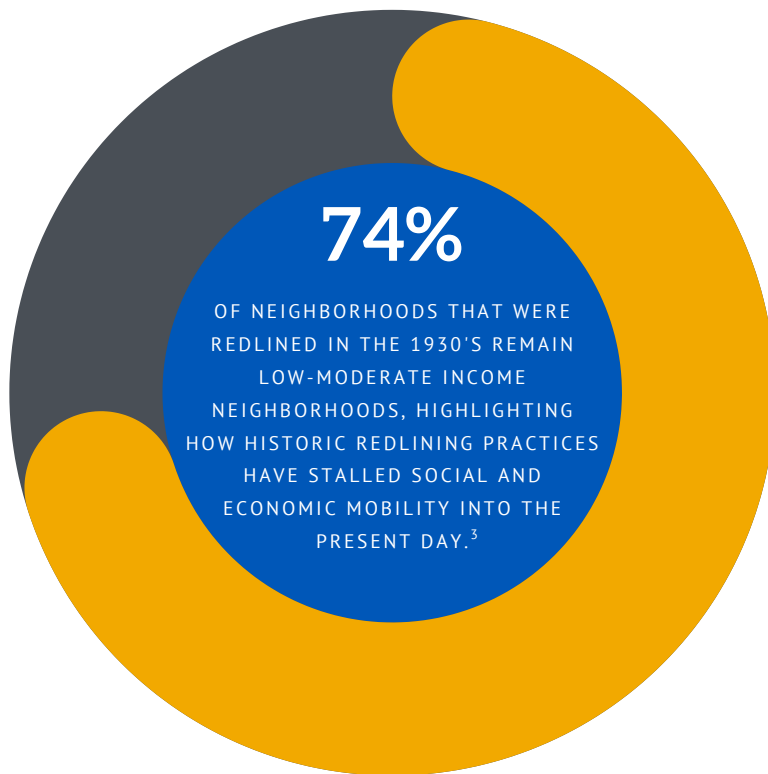
## DISCRIMINATORY CREDIT SYSTEM

Discrimination in other sectors, such as employment, debt collection and criminal prosecution leaves BIPOC families vulnerable to financial insecurity, which also disadvantages credit scores.<sup>6</sup>



# THE DATA

Data from multiple peer reviewed resources, local and national reports and research studies give perspective to the disparities that marginalized communities face in the pursuit for homeownership in the United States, and in our home state Arizona.



**\$38,183 VS \$61,363**

\$38,183 IS THE MEDIAN HOUSEHOLD INCOME OF BLACK HOUSEHOLDS COMPARED TO THE \$61,363 MEDIAN HOUSEHOLD INCOME OF WHITE HOUSEHOLDS.<sup>7</sup>

**1 IN 5**

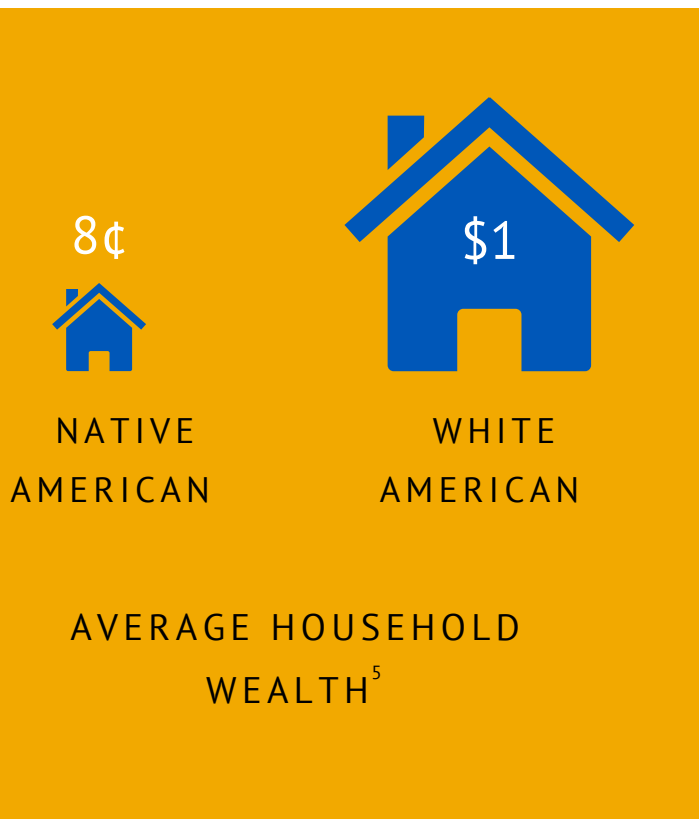
BLACK CONSUMERS AND 1 IN 9 HISPANIC CONSUMERS HAVE FICO SCORES BELOW 620; MEANWHILE, 1 IN 19 WHITE PEOPLE ARE IN THE SUB-620 CATEGORY.<sup>8</sup>



\*SOURCES LISTED AT THE END OF THE REPORT

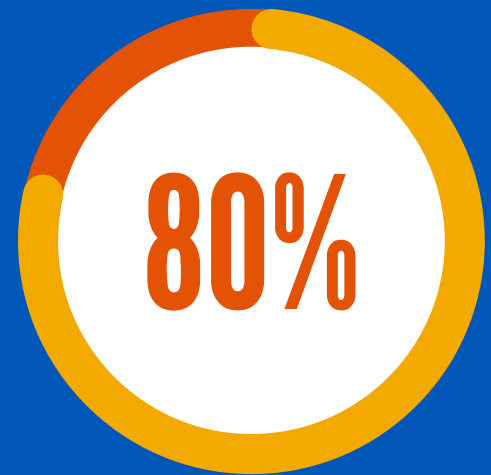
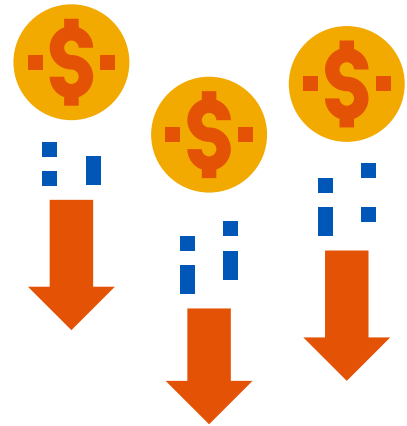


# THE DATA



52%

LESS GAINED IN PERSONAL WEALTH BY THE TYPICAL HOMEOWNER IN A NEIGHBORHOOD THAT IS REDLINED



# POLICY SOLUTIONS



**Solutions to this problem will include a combination of addressing the deep rooted systemic issues that perpetuate inequities in home ownership and practices that can mitigate these systemic barriers and increase opportunity for BIPOC home ownership in the short-term.**

## ZONING REFORM

Increased access to affordable housing will allow BIPOC Americans to move to areas with greater opportunity to build wealth and access home ownership. Flexible zoning, overlay districts, and inclusionary zoning are all examples of policy reform that can increase affordable housing development. This is a necessary, long-term, structural change-focused solution.

## HOUSING MOBILITY PROGRAMS

Mobility programs offer a range of services including benefit counseling, coordination of relocations to different neighborhoods, landlord outreach and financial assistance. This is targeted at voucher renters, yet the goal is mobility and therefore increased likelihood of eventual home ownership.<sup>11</sup>

## INVEST IN COMMUNITY LAND TRUSTS

Community Land Trusts (CLTs) are nonprofit community-based organizations that develop and steward affordable housing on behalf of a community. CLTs balance the needs of individuals to access land and maintain security of tenure with a community's need to maintain affordability, economic diversity and local access to essential services. As the CLT provides ownership options for low to moderate income families, it serves as a mechanism to contribute to wealth creation and serve BIPOC households with the potential to narrow the racial wealth gap.<sup>12</sup>

## HCV TO HOME OWNERSHIP

The Housing Choice Voucher (HCV) homeownership program allows families that are assisted under the HCV program to use their voucher to buy a home and receive monthly assistance in meeting homeownership expenses.<sup>13</sup>

## HOUSING SPECIFIC REPARATIONS

Low interest loans and down payment assistance programs could be considered a form of reparation that would begin to close the racial wealth gap.<sup>14</sup>

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