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Heather Mullins Crislip

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HEATHER MULLINS CRISLIP

Former President and CEO, Housing Opportunities Made Equal of Virginia

In April of 2018, Richmond received a rude wake up call. We were called out on the front page of the New York Times for chronically tolerating the second highest eviction rate in the country, over 4 times the national average. Even today, in 2021, thirty percent of renters in the City of Richmond get an eviction notice on their door *every year*. These renters are overwhelmingly Black, female, and heads of households. This is a shameful, cruel, systemic problem, but it is the tip of the iceberg, demonstrating deep substantial differences in housing that limit the opportunities of families and hold our entire community back from shared prosperity.

We all intuit, if only indirectly, that the cycle of poverty is firmly centered on housing and where you live. It impacts every other aspect of one's life, framing one's life expectations and opportunities, but also their access to jobs, healthy food, and exercise. Differing housing opportunities and systemic inequities are the foundation of wealth inequality in Richmond and the U.S. at large. If we can address these life-altering issues, we will build an equitable, thriving community where we all benefit from the work, creativity, and vibrancy of every citizen.

The dismal precariousness of the rental market is alarming, but it's not the whole picture of the differences in housing opportunities. Virginia has a 25% gap in the rate of homeownership between white and Black households (non-Hispanic white households at 73% and African Americans at 48% in 2019). Homeownership is the way in which Americans build wealth and security. Owning a home is the mechanism to send your kids to college, or leverage equity to start a small business, or have resources to retire comfortably. Owning your home provides security to allow people to prosper. There are societal conversations positing that we should not use housing as our primary wealth-building mechanism, but the reality for low- and middle-income households is that it is the most reliable and accessible way to do so.

The dramatic differences in homeownership that undermine Black wealth are not largely a function of income, as many often assume. There are structural barriers, both historic and contemporary, that deliver this result.

In recent years, our community has become much more aware of the history and impact of redlining in U.S. cities, Richmond being prominent among them. Redlining is a discriminatory practice by which insurance companies, banks and other institutions deny services to residents based on the racial or ethnic composition of their neighborhoods. Historically, these practices were designed by the predecessor of the Federal Housing Administration denying mortgage underwriting to Black neighborhoods across America by drawing literal red lines on maps and declaring minority or transitioning neighborhoods to be a poor credit risk for public mortgage underwriting, regardless of their economic profile. In Richmond, this meant that if you wished to purchase a home in Jackson Ward, a wealthy Black neighborhood coined "Black Wall Street of the South," you would be unable to get a newly available 30 year mortgage to do so. This had devastating impacts on thriving neighborhoods that limited the appeal of homes that could not be financed and thus were not invested in. The gulf in value between properties that could be financed and those that could not began the cycle of undervaluing properties in Black neighborhoods that still gives us dramatic differences in property values between Black and white neighborhoods today. At the same time, redlined neighborhoods became home to all public housing developed in Richmond. Both systems were underwritten with public dollars, but public underwriting delivered private wealth leveraged into life opportunities in white neighborhoods, and public housing does not.

In the modern era, redlining is more subtle but still present. Banks and Insurance companies target their products based on their perceived risk for the areas, which often is not based on tangible business reasons but perceptions of the value of those living in the neighborhood. Mainline institutions such as banks and insurance companies have fled Black neighborhoods and left them with inferior financial options. Ask yourself where in Richmond you see reputable bank branches and where you see check cashing facilities with exploitative terms?

Black neighborhoods have also seen sophisticated efforts to strip wealth through inferior financial products in recent years. Predatory lending can be referred to as "Reverse Redlining" when predatory financial products are targeted to Black neighborhoods. In Richmond, according to publicly available mortgage data, from 2004 to 2011, 107,000 home mortgages originated for owner occupied home purchases of 1-4 units in the Richmond region. Of these, 12 percent, or almost 13,000 were considered subprime. Comparing these loans against the minority composition of the neighborhoods in which they were made reveals a startling disparity. Subprime loans accounted for just 5 percent of the total number of loans made in neighborhoods having less than a 20 percent minority population. In contrast, subprime loans constituted 31 percent of the total number of loans in neighborhoods having greater than 20 percent minority population. Nationally, the Center for Responsible Lending found that even after considering individual credit scores and other characteristics, Hispanic and African American borrowers were more than 30% more likely to receive higher-rate subprime loans.

The first step in this would be to have housing available that people can afford, distributed across the region to allow for choice, and opportunities for sustainable homeownership.

Loan Products Were Irresponsible, Not Consumers

Many people perceive the foreclosure crisis as being a function of people who took subprime loans who would not have qualified for regular credit and found themselves in an unsustainable position, having purchased more than they could afford. This is not the case, the vast majority of those who received subprime loans were for refinance, not purchase, which suggests purely exploitative and predatory objectives. It is the loan products, not the borrowers, that were unsustainable. The result was a foreclosure crisis that hit Richmond very hard. Prior to the crisis, the North Side of Richmond had the highest rates of African American homeownership, and the foreclosures experienced during the last decade mean that we now have the same gap in homeownership that existed when the Fair Housing Act was passed in 1968.

An equitable Richmond would give all households the opportunity for stability and growth. The first step in this would be to have housing available that people can afford, distributed across the region to allow for choice, and opportunities for sustainable homeownership. A thriving Richmond would also break down racial and economic segregated housing patterns to create an integrated community. These problems are not intractable; public policy and business practices created them, and public attention and accountability can solve them.

Align our Housing Stock with Our Incomes

In Richmond, like in much of America, our housing stock and choices do not line up with our incomes. This is our community's challenge, not a failure of individuals to make responsible choices. In Richmond, 50% of renters spend more than 30% of their income on rent (and nearly 20% of renters spend more than 50% of their income on rent). This is because less expensive units are just not available, not because half of renters have chosen to be cost burdened. The pandemic has worsened the squeeze on affordable units as middle-income households have sought out more-affordable units and now compete for those units as well. When we see a sad housing story of a family being displaced, we should realize that almost always, it is a story of our community's failure, and not poor choices of individuals.

Build More Affordable Units for Homeownership

We have to open up homeownership opportunities and build units accessible to the half of us who make less than the average income of the region. At Housing Opportunities Made Equal of Virginia, we have seen a dramatic shortage of units affordable to first time homebuyers escalate even more rapidly in recent years. We must figure out how to have affordable housing integrated through our community to give households a place to start. This can be achieved through inclusionary zoning (requiring affordable units to be developed in new developments), subsidies for development, or other public policy efforts.

Affordable Housing Should be Available in *Every* Neighborhood

We must build affordable rental units in every neighborhood and community so that workers can live where they work and there is true choice in schools and communities. Our region has a distinct disconnect between where affordable housing is located and where entry-level jobs are, creating a logistical difficulty for our most vulnerable families. This means more affordable rental units in our suburbs, and purposefully making sure that every community is mixed-income. The connection of our segregated housing patterns and our segregated schools would mean that living together will mean we educate our kids together and prepare them for life in an integrated, equitable American society.

Housing underpins all other aspects of a person's life, it determines where our kids go to school, what jobs we can access, what grocery stores and food are available to us, what banks serve us, and whether there are safe outdoor and recreation assets that we can access. It is critically important that Richmond works to address housing inequity in rental and homeownership so that we can build communities that live, work, and play together. Our segregated society was purposefully created through the action of the government, the private market and individuals, and we can overcome the weight of that history with action and attention from the same.

Heather Mullins Crislip

Heather Mullins Crislip served as President & CEO of HOME from 2012–2021. Heather holds a BA in Economics and Political Science from the University of Mary Washington and a JD from the University of Connecticut School of Law. Returning to Virginia in 2009, Heather oversaw the bipartisan policy projects for the Miller Center at the University of Virginia for former Governor, Gerald Baliles. She also served as the Staff Director of the Goode National Transportation Policy Project, and did significant policy work on Higher Education, among other areas. At HOME, she oversaw major systemic investigations and fair housing enforcement actions; established two new housing counseling programs (Mobility Counseling and Eviction Diversion) and deployed HOME's capacity for research for advancement in housing policy. Currently, she serves as Rector of the University of Mary Washington. She has been admitted by examination to the State Bars of Connecticut, Hawaii, and Virginia.