

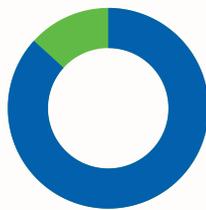
Barriers to Affordable Homeownership



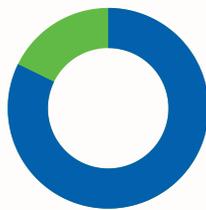
Homeownership is one of the primary mechanisms of wealth generation in the US, but it is increasingly unattainable for low and moderate income households. Creating affordable homeownership opportunities is essential to expanding housing choice, and ensuring equitable access to housing stability and building generational wealth. Understanding the barriers is the first step toward expanding homeownership opportunities.

Suburban residential zoning limits housing supply and diversity

Single family detached (SFD) housing is the most expensive homeownership option, and the only use allowed "by-right" (without seeking a waiver, exception or approval) on a large percentage of the residential-zoned areas in inner-Northern Virginia jurisdictions.¹ This makes it more difficult and expensive to build other, more affordable housing types such as townhomes and duplexes.



Arlington County:
86.74% SFD exclusive



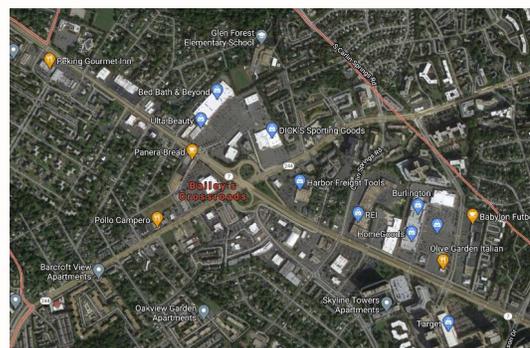
Fairfax County:
82.25% SFD exclusive



City of Alexandria:
42.63% SFD exclusive

Single family homeownership is unattainable to low and moderate income households

A case study that focused on the Bailey's Crossroads Corridor (a relatively affordable area in Fairfax County) showed that **less than 20%** of single family homes are affordable to households earning 100% AMI for the DC metro region (assumes a conventional mortgage and a 20% down payment).²



The Bailey's Crossroads Corridor

DC Metro	Percent Affordable-SFH
DC Metro Total	17.72%
White Alone	31.30%
Black	0.12%
Hispanic	0.19%
Asian	23.33%
Other	0.06%

There is an affordability gap for households of color
Less than 1% of single family homes in the Corridor are affordable at 100% of AMI for Black and Hispanic households in the DC metro region.² This affordability gap, and the income gap it stems from, is rooted in our nation's legacy of racist housing policies that limit access to homeownership and opportunities to build generational wealth for households of color.

Down payments pose a significant barrier to homeownership

Households earning 100% of AMI for the Bailey's Crossroads Corridor would need **upwards of 4 decades of savings** to afford a single family home through a conventional mortgage and a 20% down payment. That saving period is even longer for households of color given historic and present day discrimination against people of color regarding income and generational wealth.²

Years to Save (Conventional 20% Down, Fee Simple)	
Household Race	
White Alone	43.07
Black	73.71
Hispanic	98.32
Asian	56.17
Other	122.21

Racism's role in access to homeownership

1917: The Supreme Court ruled enforcing residential segregation through zoning ordinances was unconstitutional.

1968: The Fair Housing Act outlaws redlining and restrictive covenants but fails to address the legacy of these racist policies.

Future Outlook: Without targeted policy interventions present day disparities in homeownership rates and household wealth will lead to future inequities, as children of renters are less likely to become homeowners themselves.⁵

1917 - 1968: Residential segregation persists due to the government sanctioned practice of "redlining" and restrictive covenants.

Present Day: Discrimination on the part of lenders, sellers and realtors contributes to ongoing racial disparities in access to homeownership fueling the racial wealth gap.^{3,4}

What is "redlining"?

The term "redlining" refers to color-coded maps, created by federal government agencies, that ranked neighborhoods according to perceived mortgage lending risk. Majority Black and immigrant neighborhoods were typically deemed "high-risk" and were shaded red on these maps. It was difficult or impossible for residents in "redlined" neighborhoods to obtain mortgage loans and become homeowners.

How does homeownership impact future generations?

Wealth accrued through homeownership is passed on to future generations in ways that increase access to homeownership both indirectly (e.g., paying for children to earn advanced degrees, leading to higher lifetime earnings) and directly (e.g., lending children money to help with a down payment or helping children understand the home buying process).⁵

What can be done to increase access to homeownership?

- **Increase housing supply through flexible land use policies.** Reduce the dominant pattern of single family detached housing in suburban development and allow new and more affordable housing types - duplexes, triplexes, small condo buildings - to be built in these neighborhoods.
- **Expand equitable homeownership assistance programs.** Virginia Housing and local governments have developed generous down payment and closing cost assistance programs. What is needed are more expansive outreach strategies. Developing a network of realtors, financial institutions, small business associations and community-based organizations providing continuing homebuyer education and information about financial resources, with a focus on Black and Brown households, is an important step in reducing racial disparities in homeownership rates.



3. Margery Austin Turner and Felicity Skidmore, "Mortgage Lending Discrimination: A Review of existing Evidence," The Urban Institute, June 1999

4. Leah Binkovitz, "Study: When Looking for and Buying a House, Racial Inequality and Discrimination Compound," Rice Kinder Institute for Urban Research, July 2018

5. Jung Hyun Choi, Jun Zhu, Laurie Goodman, "Intergenerational Homeownership," The Urban Institute, October 2018