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### **“Now or Never”**

Since the global financial and economic crisis of 2008-9, homeownership rates have declined in the US, but they have declined precipitously for Black Americans from 49.1% in 2004, to just 44.9% in 2011.

Unfortunately, we should not look for the homeownership rate for Black Americans to rise anytime soon—if ever. There are several reasons for this conclusion.

First, housing prices have likely bottomed out and are beginning to rise, which will begin to place certain homes beyond many Black Americans’ reach.

Second, when the Federal Reserve Board discontinues measures that have held interest rates artificially low, which it plans to do in late 2014, interest rates will rise and price many Black Americans out of the housing market.

Third, following the housing bubble that helped precipitate the most recent economic downturn, requirements for mortgage loan programs have been strengthened. Generally, higher down payments and lower debt-to-income ratios are in force, which increases the difficulty for Blacks to qualify for mortgage loans.

Fourth, given that many types of moderate-wage manufacturing jobs that were lost during the most recent economic downturn will not reappear, Blacks who held those jobs are likely to only find employment in low-wage jobs, which will prevent them from qualifying for home mortgages.

Fifth, college-educated Blacks, who have qualified for home loans in the past, are likely to find that the cost of college continues to rise, and that high college loan payments after college will be an additional expense that prevents them from qualifying for a home loan.

Sixth, increases in the US population, and the related demand-pull inflation, will drive up the cost of land, which adds to the cost of homes and serves as another factor that will push the price of homes beyond many Black Americans’ reach.

Seventh, the recent increase in earthquakes and other natural disasters (possibly due to global warming), will cause building codes to be strengthened, which will add to construction costs, cause the price of homes to rise, and price Black Americans out of the housing market.

Eighth, rising wages elsewhere in the world will increase the demand for housing, meaning that the cost of home construction inputs will rise, drive up the price of homes, and make new homes unaffordable for many Black Americans.

These are the transparent reasons that come to mind when explaining why home affordability and homeownership rates are likely to decline for Black Americans. Undoubtedly, there are others.

Given that homeownership is a tried and true tool for building wealth, the turn of events described above predict that the Black community can also expect to become less wealthy over time.

Therefore, Black Americans who are sitting on the fence wondering whether now is a good time to purchase a home should decide in the affirmative. If they can afford it, then they should take the plunge now. Otherwise, assuming that our analysis is correct, they may find that they will never have another opportunity to become a homeowner again.

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