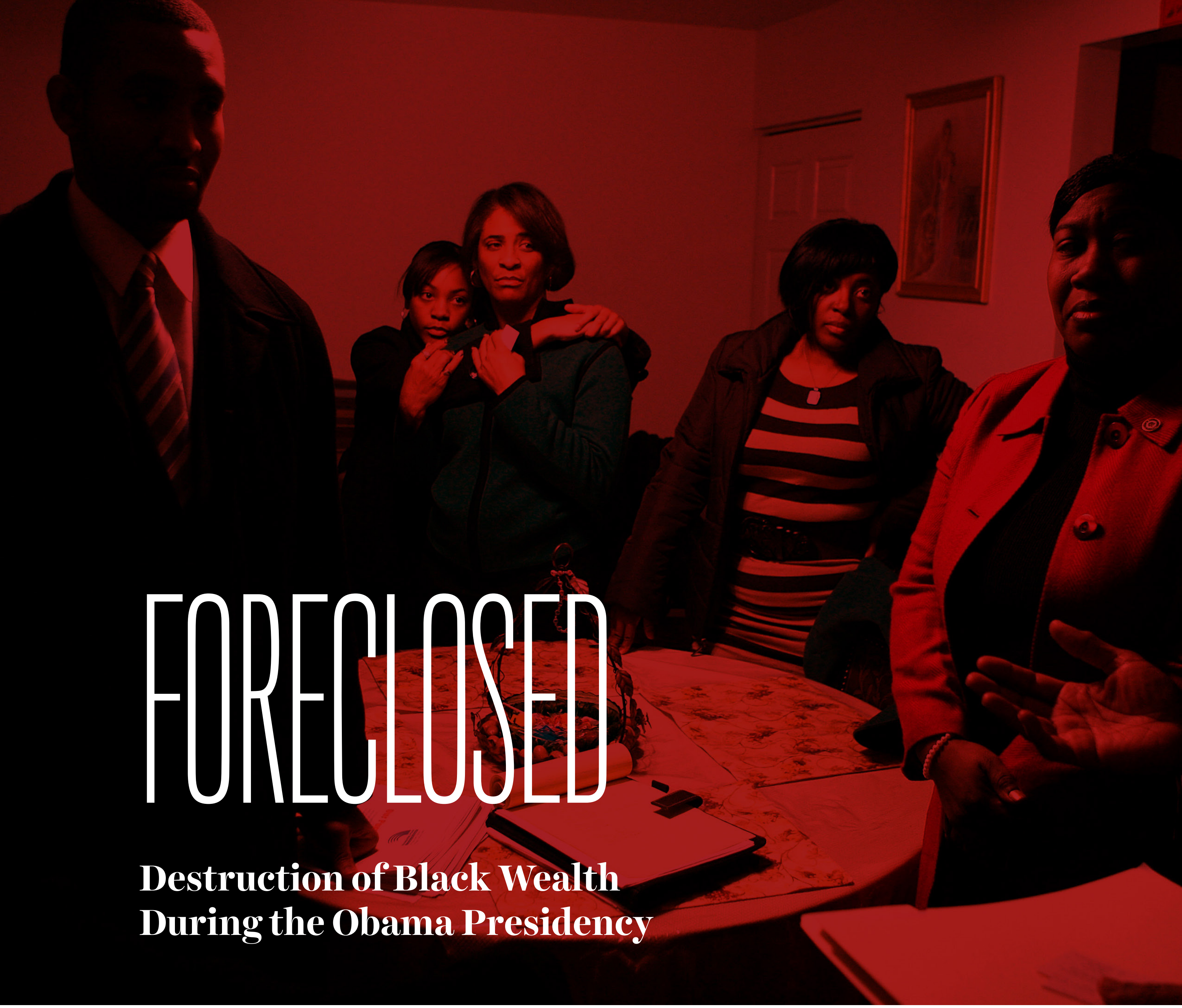

FORECLOSED

Destruction of Black Wealth During the Obama Presidency

Ryan Cooper
& Matt Bruenig

People's Policy Project

Cover

Suitland, MD—January 11: Angela Walker *(3rd-L)* and her daughter Nazarin *(2nd-L)* listen to a local official speaking on home foreclosures at their home in Suitland, Maryland. Walker, a former Prince George's County Department of Corrections corporal who had been injured in the line of duty and was currently relying on unemployment benefits, sought help from Rev. Jesse Jackson of the Rainbow Push Coalition as she faced a foreclosure after becoming four months behind on her mortgage payment. *(Photo by Alex Wong/Getty Images)*

About

People's Policy Project is a think tank founded in 2017. The primary mission of 3P is to publish ideas and analysis that assist in the development of an economic system that serves the many, not the few.

PeoplesPolicyProject.org

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Colophon

Titles are set in Harriet Display and Titling Gothic. Body is set in Harriet Text. Data values are set in Franklin Gothic.

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THE OBAMA PRESIDENCY WAS A DISASTER FOR MIDDLE-CLASS WEALTH IN THE UNITED STATES: Between 2007 and 2016, the average wealth of the bottom 99% decreased by $4,500. This decline was particularly concentrated among the housing wealth of African-Americans. Outside of home equity, black wealth recovered its 2007 level by 2016. But average black home equity was still $16,700 less,[1] Meanwhile, over the same period, the average wealth of the top 1% increased by $4.9 million.[2]

Much of this decline in wealth, we argue, was the direct result of policies enacted by President Obama. His housing policies, particularly regarding foreclosures, were a disastrous failure that led to millions of families losing their homes, with black families suffering especially harsh losses. What's more, Obama had power—money, legislative tools, and legal leverage—that could have very sharply ameliorated the foreclosure crisis, if not largely prevented it. He chose not to use them.

In the following essay, we shall examine the circumstances that led to the housing bubble, and its eventual collapse in **Part I**. In **Part II**, we shall take a close statistical look at the decline in black housing wealth. And in **Part III**, we shall outline an approach that would have halted the foreclosure crisis, had President Obama chosen to pursue it.

THE HOUSING CRASH

Part I

N THE EARLY 2000S, THE AMERICAN HOUSING MARKET EXPERIENCED A SUSTAINED AND RAPID INCREASE IN OVERALL PRICES. Economist Dean Baker warned as early as 2002 that home sale prices were starting to diverge strongly from rental prices, suggesting a bubble driven by speculation.[3] By 2004 and 2005, others had joined him in sounding the alarm—though, as is typical in such times, many respected economists and analysts disagreed.[4]

A complex set of circumstances fueled the bubble. United States tax policy encourages homeownership through the mortgage interest deduction and partial exclusion of home sale proceeds from the capital gains tax. The cultural trope that homeownership is the foundation of the American Dream contributed as well, by pressuring buyers who were not financially prepared to own a home.

But the most important factor was the development of new financial products and systems after the deregulation spree of the 1990s. The home mortgage market had long been mature by the early 2000s, meaning that most people who could qualify for a mortgage already had one. So, financial companies used derivatives to dramatically expand the downscale mortgage market through "subprime" loans to borrowers who would not have qualified for ordinary mortgages, often for good reason.[5]

The basic function of these derivatives was deception.

The details of this process are extremely complex. But the basic function of these derivatives was deception: Originators would hand out subprime loans—as the bubble progressed, these loans grew more and more risky, culminating in the "NINJA" loan, given to someone with no income, no job, and no assets—and then quickly sell them to banks, which would bundle them into securities and often sell them again. Those securities in turn could be sliced up and repackaged again and then re-sold—particularly the slices composed of bad loans, which carried a greater interest rate.[6]

The banks produced complicated formulas apparently proving to investors that the chances of default were tiny, because the mortgages were diversified regionally, and the American housing market had never before fallen everywhere at once. Neither investors nor the ratings agencies—which rated these products AAA, or just as safe as U.S. government debt—looked closely into the actual content of the bonds, many of which were full of toxic waste.[7]

By 2006, the bubble began to burst. Mortgage securities started imploding, threatening the balance sheets of investors and banks across the globe. Other financial "innovations" like the credit default swap (akin to an insurance policy on a bond or company, except that anyone could buy them on any company), as well as the development of the shadow banking sector[8] (bank-like institutions without regulation or protection from government deposit insurance), dramatically increased the overall fragility of the financial system, and increased its exposure to the housing bubble.[9]

Indeed, the world's largest insurer, AIG, sold billions in credit default swaps on garbage mortgage securities.[10] When the market collapsed, AIG racked up billions in losses over a matter of months, leaving it effectively bankrupt by late 2008.[11] Combined with other losses, AIG's meltdown helped to spark a classic bank run in the shadow sector and the broader financial panic which would quickly overtake the globe.

The Bailout

As the crisis accelerated, the government poured vast amounts of money and credit into the financial system to keep it from collapsing. AIG's failure in particular would have been a global disaster, and so it was nationalized and rescued with multiple lines of credit eventually totaling $182 billion.[12] The rest of Wall Street received relief in the form of the **Troubled Asset Relief Package** (TARP) and more importantly, access to a variety of discount loans from the Federal Reserve.[13]

Estimates of the total government commitment varies widely. A ProPublica analysis of direct spending found a total of $626 billion,[14] while a 2011 Levy Institute analysis counting the week-by-week extension of credit from the Fed came up with a total of $29 trillion in cash and loans.[15] Whatever its total size, the bailout was colossal, one of the biggest private sector subsidies in world history. Most of the financial system would have collapsed without that assistance.

Nonetheless, the crisis spilled over into the rest of the economy, especially with the collapse of the housing bubble. No more home loans meant a sharp decline in residential construction, which fell to near-record lows and stayed there for years.[16] Meanwhile, the crash in home values devastated millions of balance sheets—made worse by the fact that other consumer debt had reached record highs just before the crisis.[17] When everyone attempted to cut spending at the same time in response to rapid losses, the economy plunged into recession, contracting at a 8.9 percent annualized rate in the last quarter of 2008.[18]

The recession was addressed in first months of the Obama administration, with the American Recovery and Reinvestment Act, an economic stimulus of $831 billion.[19] For homeowners, the largest source of potential relief offered early in the Obama administration was a piece of the bank bailout called the **Home Affordable Mortgage Program** (HAMP). In the rush to pass the bailout in the last months of the Bush administration, a bloc of Democrats refused to vote unless it contained some provision for homeowner relief in addition to bank money.[20]

Still, these struggling homeowners did not get the hundreds of billions in cash and trillions in credit that the banks got. Instead, they got an unspecified appropriation to "prevent avoidable foreclosures," specifically mentioning the possibility of lowering interest rates or principal amounts for homeowners, but leaving the execution entirely up to the president.

The Obama administration responded to this provision by allocating $75 billion to mortgage relief.[21] In a memo to lawmakers, the White House promised to "reduce the number of preventable foreclosures by helping to reduce mortgage payments for economically stressed but responsible homeowners, while also reforming our bankruptcy laws and strengthening existing housing initiatives.[22] Unfortunately, the program would neither be funded nor managed well enough to protect families, especially black families, as the financial crisis unfolded.

The Failure of HAMP

The design and implementation of HAMP was a complete disaster. Unlike the New Deal-era **Home Owners' Loan Corporation**, which directly purchased ailing mortgages and refinanced them, HAMP paid the mortgage servicers to incentivize them to pursue modifications.[23]

It was a bad plan. Mortgage lenders generally no longer hold loans, so servicers are there to process the payments and paperwork for the companies who do own them, and they are not well-equipped to handle complex loan modifications. Additionally, servicers have little incentive to reduce loan principals. On the contrary, they have an incentive to keep people paying as long as possible, with as high a principal as possible, since they are generally paid a percentage of the outstanding amount owed.[24] They even have an incentive to foreclose, because they are paid from the proceeds of a foreclosure sale before the investors who own the loan.[25]

Those incentives were worsened by the lax treatment of servicers by both the Treasury Department and the Department of Justice. Given the adverse incentives, some servicers tricked people into foreclosure, according to several investigations[26] and sworn testimony from Bank of America whistleblowers.[27] By repeatedly "losing" people's paperwork, falsely telling them relief was imminent, or other such tricks, the servicer could string the homeowner along, squeezing out a last few payments before foreclosing on them. Others simply botched the paperwork through incompetence, with the same effect.[28]

Much of that behavior was illegal, and violated the administration's stated HAMP rules. But not only did the Department of Justice decline to thoroughly investigate servicer abuses, the Treasury Department did not permanently claw back a single one of its payments to abusive servicers that had violated its rules.[29]

Making everything worse was the complicated means test built into the program. The administration only wanted to help homeowners who were very likely to be able to keep paying, but also only those who genuinely needed help—a double bind that sharply restricted the universe of qualified applications. Even for those that did qualify, the amount of paperwork required to prove eligibility was Byzantine in its complexity.[30]

Neil Barofsky, the bailout inspector general, testified that protecting the banks was the lens through which the administration viewed the problem. The administration's whole policy regarding foreclosures was to "foam the runway" for the banks, as Barofsky witnessed Tim Geithner tell Elizabeth Warren.[31] HAMP failed because it was not designed with the objective of helping homeowners.

As a result, HAMP actively enabled foreclosure in many cases.[32] And its re-default rate—that is, the fraction of people who got a loan modification and went on to default anyway—was 22 percent, as of 2013.[33] The $75 billion was later reduced, and only about $15 billion had even been spent as of mid-2016.[34]

A secondary program, the **Home Affordable Refinance Program**, helped homeowners not in danger of foreclosure refinance their mortgages to take advantage of lower interest rates. It was more successful, but it was also not addressed to homeowners in real trouble. During the depths of the crisis, there was little to no assistance for actually struggling homeowners—indeed, after things started to gradually turn up around 2011–12, HAMP had made homeowners so leery of government programs that the administration had trouble attracting people to HARP.[35] Overall, out of an initial promised 4 million mortgage modifications to stop foreclosures—itself a drastic underestimate of the needed total—by the end of 2016, only 2.7 million had even been started. Out of that number, only 1.7 million made it to permanent modification, and of those, 558,000 eventually washed out of the program.[36]

Systematic Mortgage Fraud

The originate-and-securitize model turned out to have important consequences for the structure of the mortgage securities thus produced. During the peak of the bubble, both the originators handing out loans and the financial companies packaging them into securities were doing so at high speed, and they were none too careful with the paperwork.[37] Indeed, since the whole point of the securitization machine was to obscure the actual content of the underlying loans, many of them may have been fudged on purpose. When financial companies went to foreclose, they found that they very often they did not have the correct documentation—the chain of title proving that each time the mortgage had been sold, the proof of ownership had been transferred correctly.[38]

Wall Street's answer to this was mass forgery. Many financial institutions paid large teams of entry- level employees to commit document fraud on an industrial scale—forging signatures, falsely notarizing documents, or falsely attesting to "personal knowledge" of large mortgage files, hundreds of times per day. This formed the so-called "robosigning" scandal.[39]

Though the vast majority of foreclosures are uncontested,[40] individuals and activists quickly discovered some document problems, which led to deeper investigation and a gradual realization of the extent of the fraud, which brought it to the attention of law enforcement. With servicers and banks panicked at the prospect of mass prosecutions, foreclosures drastically slowed in late 2010.[41] Forty-nine state Attorneys General, the District of Columbia, and the Department of Justice banded together in a lawsuit, which ended up in a $26 billion[42] joint settlement between themselves and the five largest servicers.

However, consistent foot-dragging at the Department of Justice (stoked by Republican gains in the 2010 midterms), made the settlement rather toothless. Only a small minority of the settlement cash went to principal reductions, while a lot more went to "short sales"[43] (in which a homeowner sells an underwater house, losing the home but avoiding foreclosure), or other weak relief. Other settlement spending was simply nonexistent: For example, servicers received roughly $12 billion in credit for waiving the difference between outstanding mortgage debt and the sale price of distressed homes in states in which it is already illegal to claim that difference.[44] JPMorgan Chase even allegedly claimed credit for forgiving loans which it had already sold to another investor.[45]

In the end, all this failed to stop the wave of foreclosures that swept across the nation, in which some 9.3 million home owners were either foreclosed on or otherwise lost their house.[46] During the Obama presidency, the homeownership rate crashed by 4.4 percentage points, erasing all the increase of the mortgage bubble, eventually falling to the lowest level since 1965, before slightly rebounding. It was the greatest destruction of middle-class wealth since the Great Depression,[47] and its impact disproportionately wounded black wealth.

BLACK WEALTH DESTROYED

Part II

AFRICAN-AMERICANS HAVE ALWAYS BEEN FAR BEHIND WHITE AMERICANS WHEN IT COMES TO HOUSING WEALTH. Most notoriously, they were largely locked out the New Deal federal housing subsidies that were the bedrock of the postwar middle class through "redlining" maps that laid out black neighborhoods as unsuitable for federally-insured mortgage loans.[48] Racist housing covenants, backed up by the threat of riots, forbade neighborhoods from selling or renting to black families.[49] Black families that did manage to scrape together enough money to buy a house were often brutally exploited by contract sellers who would sell on slanted terms, load up the buyer up with unpayable fees, repossess the house, then repeat.[50]

Much of these abuses were forbidden during the civil rights era, but their forms persisted. The mortgage bubble produced strong demand for subprime mortgages, which once again especially victimized black families. Mortgage originators handed out such loans to disproportionately black lower-class people who could not possibly pay them back, but they steered black middle-class families who would have qualified for ordinary mortgages into subprime loans as well, in an echo of older practices.

Sworn testimony from former Wells Fargo employees alleged that the bank deliberately tricked middle-class black families they called "mud people" into subprime "ghetto loans."[51] They were certainly not the only originator doing this, as the overall differences were extremely significant. A Center for Responsible Lending study found that from 2004–2008, 6.2 percent of white borrowers with a credit score of 660 and up got subprime mortgages, while 19.3 percent of such Latino borrowers and 21.4 percent of black borrowers did.[52]

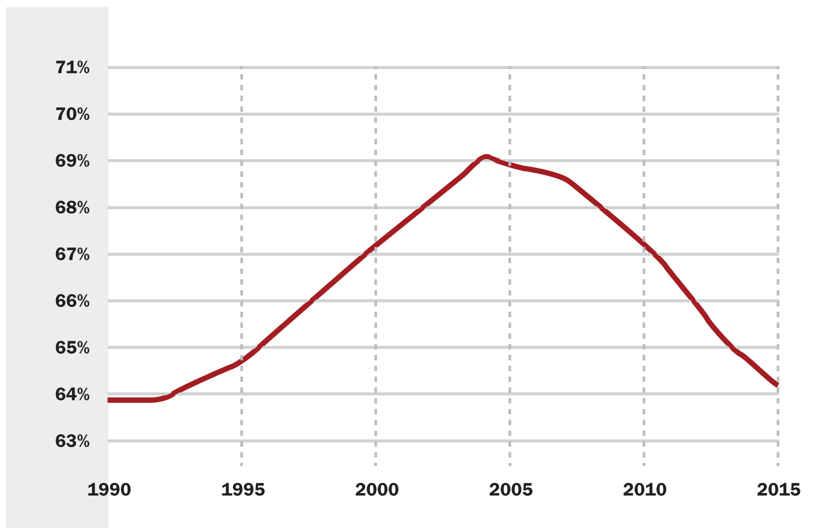

FIG. 1 ***Homeownership Rate***

Thus, reported accounts of upper-middle class black communities like Prince George's County (the wealthiest black community in the country) found that the foreclosure crisis hit such places unusually hard, and continued to grind on long past the time[53] when white communities had started to recover.[54]

The full impact of the Great Recession and the subsequent foreclosure crisis can be seen in the Survey of Consumer Finances (SCF), a detailed wealth survey which is conducted at 3-year intervals by the Federal Reserve. In **FIGURE 1**, we show that the national homeownership rate suffered a marked decline over the whole Obama presidency. In absolute numbers, it is not that large, but it nonetheless reached the lowest ownership rate since 1965.[55]

In **FIGURE 2**, we break down homeownership rates by race. The overall story for home ownership is similar for all groups, but black homeowners started lower and stayed lower than white ones, with no rebound at all from 2013–2016.

Although homeownership rates declined somewhat similarly for each group, these headline rates can be somewhat misleading because they include as homeowners individuals who owe more on their home than it is actually worth. Owning a home which is thousands of dollars underwater is in many ways worse than owning no home at all—it is a negative asset, ruins one's credit, and is often a prologue to foreclosure anyway. As analyst Joshua Rosner once wrote, "A home without equity is just a rental with debt."[56]

FIGURE 3 shows what percent of homeowners were in possession of a negative equity dwelling. After the crisis, the percentage of black homeowners with negative equity exploded from 0.7 percent to 14.2 percent—and unlike white families, continued to increase up through 2013.

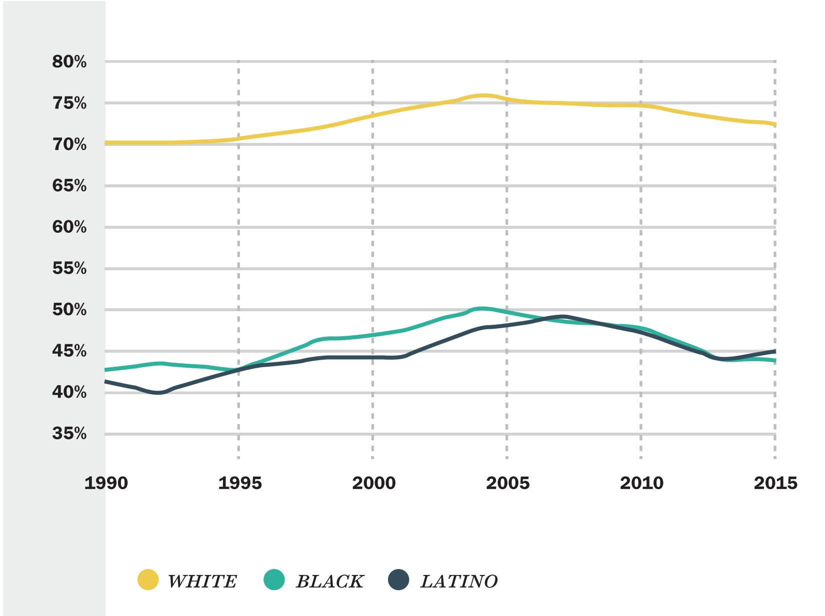

FIG. 2 **Percent of Homeownership by Race**

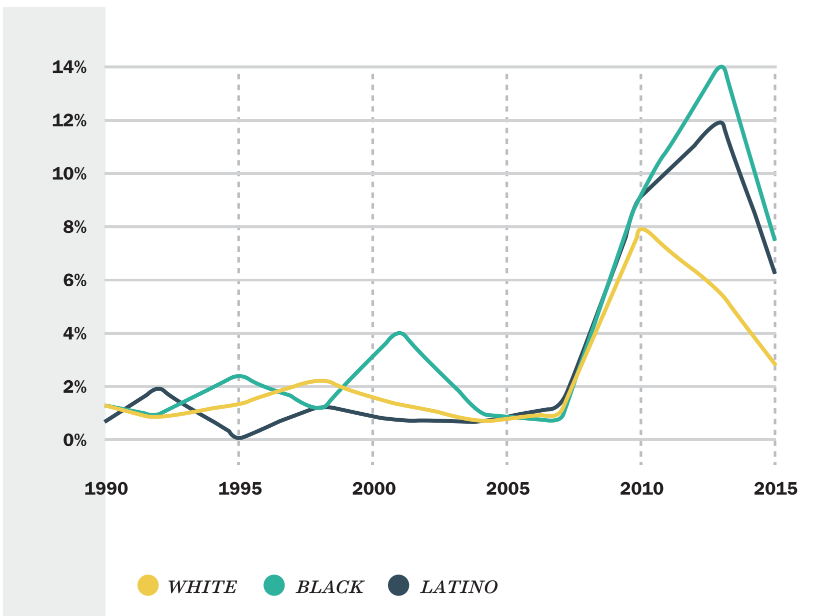

FIG. 3 **Percent of Homeowners with Negative Equity By Race**

In **FIGURE 4**, we examine home equity levels by race. The sharp decline from 2007–2013 is readily seen, as well as the partial recovery through 2016. Not even white home wealth has recovered fully, though once again black homeowners are doing worse both in absolute and relative terms. Not only is average white home equity in 2016 3.5 times greater than average black home equity, it has also regained 84 percent of its 2007 value, compared to a black figure of 73 percent.

Then there are the distributional effects. Home ownership makes up a much larger percentage of black and Latino wealth than it does white wealth. It also makes up a much larger percentage of middle class wealth than top wealth in all racial groups. As seen in **FIGURE 5**, on the eve of the recession, middle class families tended to hold 50 percent to 70 percent of their wealth in home equity, while the wealthiest ten percent of families held 15 percent to 30 percent of their wealth in home equity, with the top ten percent of white families holding just 14.7 percent of their wealth in housing.

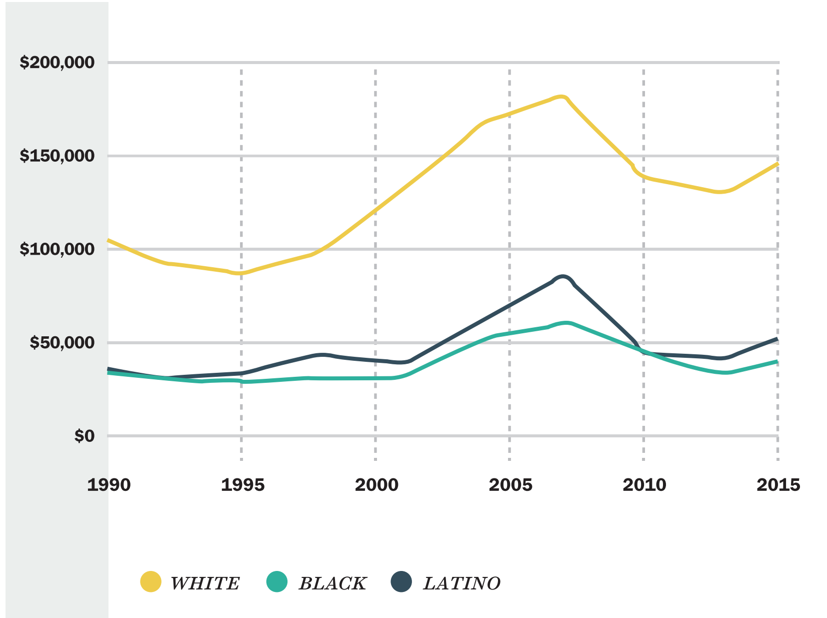

FIG. 4 ***Mean Home Equity by Race***

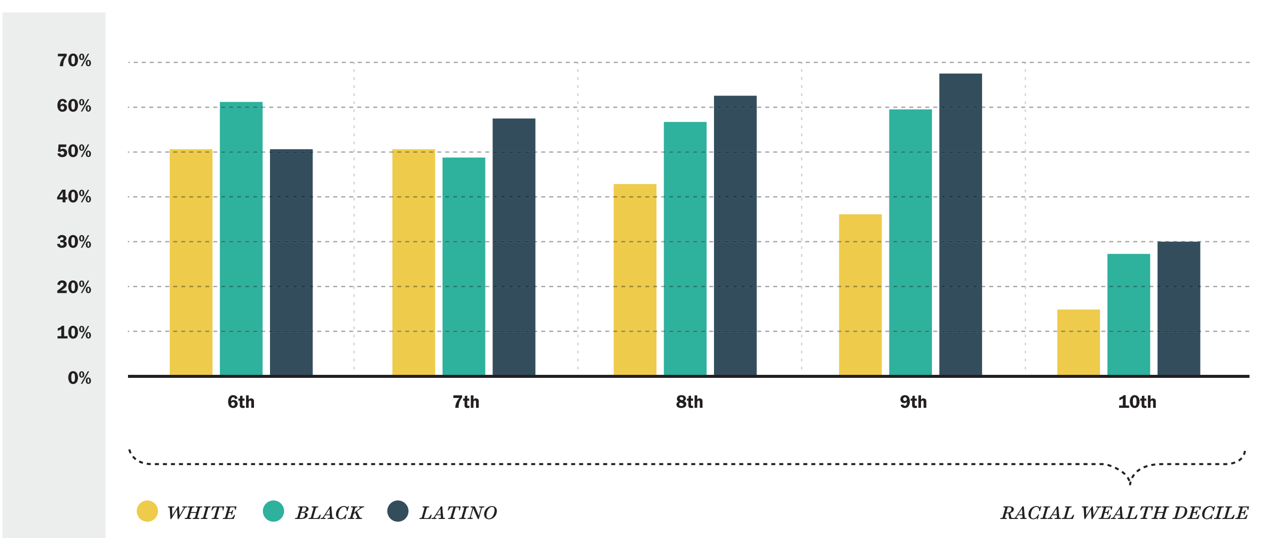

FIG. 5 ***Home Equity as a Percent of Total Wealth (2007)***

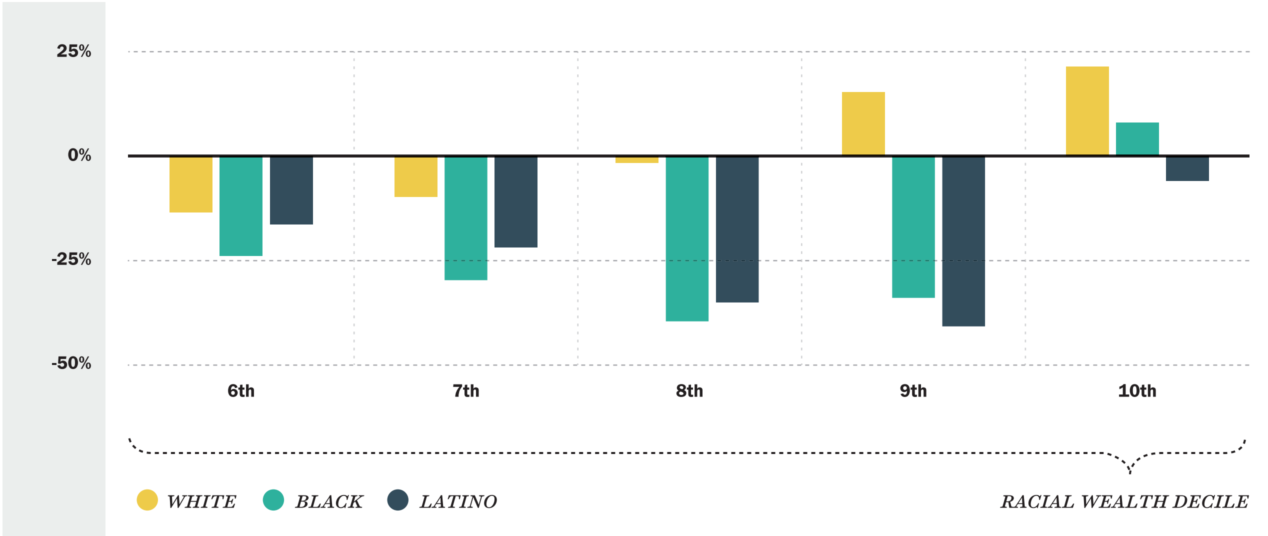

FIG. 6 *Percentage Change in Wealth (2007–2016)*

Given these differences in wealth portfolios across race and class, responding to the recession by bailing out financial assets while allowing homeowners to drown resulted in further concentrating the national wealth into the hands of the richest white families. In **FIGURE 6**, we see that, between 2007 and 2016, the wealthiest ten percent of white families saw their wealth increase by an average of $1.2 million (21.6 percent), the next wealthiest ten percent of white families increased their net worth by an average of $141,000 (15.5 percent), and the top ten percent of black families grew their wealth by $78,000 (8 percent). Everyone else experienced wealth declines, some as high as 40 percent.

Finally, there are knock-on considerations. The foreclosure crisis had gruesome side effects on the rest of the economy. People who lose their homes are at greater risk of job loss and falling into poverty, in addition to psychological problems like suicide.[57] Nearby homes lose value, as foreclosed properties are often damaged and quickly blighted, causing in turn declines in property tax revenues. A 2013 Center for Responsible Lending study estimated that properties merely in proximity to a foreclosure lost $2.2 trillion in value—and that half of that loss was in communities of color.[58]

HOW MOST FORECLOSURES *could have been* EASILY PREVENTED

Part III

THE FIRST AND MOST OBVIOUS WAY THE CRISIS COULD HAVE BEEN ADDRESSED WAS WITH A BETTER-DESIGNED HAMP PROGRAM. Instead of incentivizing servicers to do modifications, the Obama administration should have followed and improved the formula of the **Home Owners' Loan Corporation** (HOLC) of the 1930s, by buying up mortgages in default, and refinancing them with a lower interest rate and with a longer repayment period.[59]

HOLC's aid was an enormous help due to the structure of housing finance of the time. Before the New Deal, home buyers generally had high-interest 5-year loans with a partial (or interest-only) repayment schedule, and a "balloon payment" of the entire remaining principal at the end. Before the Great Depression, it was usually easy to refinance at the end of the 5 years, but when the banking system seized up and credit became extremely tight, many fell into default. By simply setting a longer, fully-amortized payment schedule (generally 15 years) and sharply reducing interest rates, over 800,000 of 1 million homeowners (or about 10 percent of all non-farm owner-occupied homes, and 20 percent of them that were mortgaged) whose mortgages were bought by HOLC managed to avoid foreclosure—and at a small profit overall.[60]

The mortgage market has changed considerably over 80 years, and therefore a HOLC II would have had to be structured somewhat differently. Directly purchasing distressed mortgages, cutting their interest rates, and stretching out payment schedules (as many subprime loans had and have very high interest rates), are all still good ideas. But since most people are already on long repayment schedules, and houses are much more expensive than they were in 1933, principal reductions would have to be a large component of the strategy. Additionally, HOLC II would obviously avoid producing redlining maps, as the New Deal version did—on the contrary, it would focus special attention on black neighborhoods, since they had been disproportionately victimized by mortgage originators and servicers.

However, as noted above, the administration allocated $75 billion[61] out of the TARP bailout to mortgage relief, and had wide legal discretion as to its use. That almost certainly could have been used immediately on a HOLC-style program. The bailout law directs the head of the Federal Housing Finance Agency (which had just become the conservator of the housing giants Fannie Mae and Freddie Mac as part of the bailout) to "implement a plan that seeks to maximize assistance for homeowners" on the mortgages that it owns, in addition to encouraging servicers to modify their terms. For modifications, it specifically authorizes interest rate reductions, principal reductions, and "other similar modifications."[62]

Given that Fannie and Freddie had trillions in mortgage assets at the time, that could have provided hundreds of thousands of potential modifications immediately—and the $75 billion could have bought a lot more, especially given that toxic mortgage securities were selling at a steep discount at the time.

The objective would be to delete as much bad housing debt as possible, while keeping anyone who could pay anything even halfway reasonable in their homes. Root through Fannie and Freddie's balance sheets, buy up more distressed mortgages where possible, write off underwater balances, and consult with homeowners to arrange an affordable repayment plan—with generous terms for people who were behind. HOLC, for instance, usually waited an entire year before foreclosing on anyone who stopped paying, and even then tried to space them out to avoid broader economic damage.

Another good policy would have been "cramdown," or allowing bankruptcy judges to modify the terms of first mortgages as they can do for other types of debt.[63] In 2008, Obama pressured lawmakers to take such a provision out of the bank bailout and the Recovery Act, promising he would push for it later,[64] with Larry Summers promising bankruptcy reform in writing.[22] Then, under the influence of Tim Geithner and Summers, he reneged.[65] The direct effect of cramdown would have been fairly limited, since only a minority of foreclosures go through the bankruptcy process.[66] However, it would have had a powerful indirect effect, both giving homeowners a greater reason to go through bankruptcy, and to threaten to do so in negotiation with banks. The overall gains would have been considerable.

THE SECOND POSSIBLE STRATEGY INVOLVES THE TSUNAMI OF CRIME committed by banks, mortgage originators, and servicers during and after the crisis. It all provided tremendous leverage for the government, for two reasons. First and most obviously, mortgage fraud is a serious crime in every state.

Second, New York state law stipulates that the treatment of the underlying assets in an asset-backed security (like these mortgage-backed securities) must follow the rules of the contract that set it up. These, of course, contained all the usual legal boilerplate about how the paperwork must be filed correctly and so forth. If a security did not follow the contract—if, for example, the chain of title documentation was forged—it would be void.[67] And under federal law, the income from such a broken security could be taxed at 100 percent.[68]

The mortgage settlement was largely a slap on the wrist. But for a government that cared about its citizens, they could have forced banks and servicers to halt all illegal foreclosures, and to accept a large amount of genuine relief for underwater homeowners.

Forcing private banks to do something they don't want to do is of necessity more awkward than the government simply doing it itself. But after the HAMP failure, the legal leverage granted by systematic mortgage crime was Obama's most powerful tool, and he simply refused to use it—even despite his own subordinates suggesting strategies. For example, then-chief of the Federal Deposit Insurance Corporation, Sheila Bair, had one good idea: Simply force the banks and servicers to write down to face value any underwater mortgage that is more than 60 days delinquent.[69] Geither, naturally, was not interested.

Of course, these two strategies do not necessarily trade off. With the benefit of hindsight, a good way to set up a HOLC II would have been to pass a supplemental bill stipulating that its funds would be topped up with any housing crisis-related fines on financial institutions for a period of, say, 10 years. That $26 billion settlement could have bought a lot more mortgage modifications. Additionally, such a bill could have authorized a broad survey of mortgage securities, and stipulated that any mortgage which lacked proper chain of title would be simply repossessed.

At any rate, a complete analysis of all the possible tools here is beyond the scope of this paper. And it is impossible to say with any certainty what the precise effects of a sensible housing policy would have been. But it unquestionably would have prevented a huge fraction of the wealth destruction detailed above—given that the administration's policies in many cases exacerbated the crisis in the worst years of 2009–2011,[70] possibly a majority. The overall housing crash would have passed much sooner—even in 2016 the rate of foreclosure was higher than it was in 2005.[71] The broader economic damage—especially to homeowners that did not fall into default but whose wealth was badly harmed by nearby foreclosures—would have been sharply less as well.

No political obstacle stood between President Obama and sensible housing policy. On the contrary, his heavily bank-slanted policy cost the Democrats dearly: Mass foreclosure, and the associated economic wreckage, are undoubtedly a large part of why his party was crushed in the 2010 midterms. Only deliberate choices can explain the policy disaster.

Because African-Americans were disproportionately victimized at all levels of the housing and foreclosure crises, they stood to gain disproportionately from any sensible policy response. But because policy was not sensible—because it was, in fact, a catastrophic failure—the first black president in American history was a disaster for black wealth.

TABLES

Appendix A

TABLE 1

Homeownership Rates (1989–2016)

YEAR	OVERALL	WHITE	BLACK	LATINO
1989	63.9	70.5	42.4	41.9
1992	63.9	70.3	43.4	39.9
1995	64.7	70.6	42.7	42.9
1998	66.3	71.8	46.3	44.2
2001	67.7	74.1	47.4	44.3
2004	69.1	75.8	50.1	47.7
2007	68.6	74.8	48.6	49.2
2010	67.2	74.6	47.7	47.3
2013	65.1	73.1	44.0	43.9
2016	63.7	71.9	44.0	45.4

TABLE 2

Percent of Homeowners with Negative Home Equity

YEAR	WHITE	BLACK	LATINO
1989	1.5	1.4	0
1992	0.8	0.9	1.9
1995	1.3	2.4	0
1998	2.2	1.1	1.2
2001	1.3	4.1	0.7
2004	0.7	1	0.7
2007	0.9	0.7	1.2
2010	8	9.2	9.1
2013	5.5	14.2	12
2016	1.5	4.1	3.3

TABLE 3

Mean Home Equity by Race

YEAR	WHITE	BLACK	LATINO
1989	$109,191	$36,209	$37,829
1992	$93,308	$31,098	$30,492
1995	$86,142	$28,068	$33,634
1998	$98,377	$30,626	$42,504
2001	$130,211	$31,241	$38,751
2004	$167,237	$50,748	$60,403
2007	$181,649	$60,187	$85,756
2010	$137,951	$43,600	$43,833
2013	$129,985	$32,068	$41,275
2016	$153,112	$43,534	$57,423

TABLE 4

Home Equity as Percent of Net Worth

RACIAL WEALTH DECILE	WHITE	BLACK	LATINO
6th	50.3	61.1	50.1
7th	50.6	48.7	57.5
8th	42.7	56.7	62.6
9th	36	59.6	67.6
10th	14.7	27.1	30.1

TABLE 5

Wealth Change by Racial Wealth Decile (2007–2016)

RACIAL WEALTH DECILE	*WHITE*	*BLACK*	*LATINO*
6th	−$32,355	−$8,849	−$6,223
7th	−$33,670	−$23,147	−$18,848
8th	−$8,925	−$66,101	−$59,512
9th	$140,546	−$102,322	−$134,459
10th	$1,192,490	$78,266	−$87,163

TABLE 6

Percent Wealth Change Between 2007 and 2016

RACIAL WEALTH DECILE	*WHITE*	*BLACK*	*LATINO*
6th	−13.6%	−24.1%	−16.3%
7th	−9.7%	−29.7%	−21.9%
8th	−1.7%	−39.7%	−35.0%
9th	15.5%	−34.1%	−40.7%
10th	21.6%	8.0%	-5.8%

ENDNOTES

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