

RACIAL DISPARITIES IN HOMEOWNERSHIP EXTEND BEYOND MILWAUKEE

Our previous research has found large racial disparities in homeownership in Milwaukee, which likely exacerbates the city’s economic challenges given the importance of homeownership in building wealth for individuals and families. In this new report, we find that the disparities are even greater in Wisconsin’s other large cities – and statewide – and that racial homeownership gaps are larger in Wisconsin than nationally. Those gaps have deepened over the last decade.

The Wisconsin Policy Forum’s 2021 report, [Expanding the Blueprint](#), underscored disparities in homeownership rates between Black, Hispanic, and white households as reflections of Milwaukee’s affordable housing and racial equity challenges. Perhaps most alarming was our finding that the 2019 homeownership rate for Black households in Milwaukee was roughly half that of white households.

That finding raised the question of whether and to what extent such disparities exist at the state level and in other Wisconsin cities, which we turn to now. To answer those questions, we examine U.S. Census data on housing occupancy in Wisconsin and in the state’s five most populous cities: Milwaukee, Madison, Green Bay, Kenosha, and Racine. Our analysis focuses on the Black and Hispanic populations because they are the two largest minority groups in Wisconsin and they face the greatest disparities in homeownership rates. Nearly three-quarters (74%) of Black Wisconsinites and 44% of Hispanic Wisconsinites reside in one of those five cities,

giving them a large combined influence on statewide trends.

Data on the demographics, median incomes, and median home values of Wisconsin and its five largest cities are provided for context in Table 1. Milwaukee and Racine are the most racially diverse cities in the state, with no group accounting for a majority of their populations. The median household incomes and median home values in those two cities are the lowest among the five cities and are considerably lower than the statewide medians. In contrast, Madison is the least racially diverse of the five cities, is the only city whose median household income exceeds the statewide median, and has the most expensive housing market by far.

RACIAL GAPS EXIST THROUGHOUT WISCONSIN

Milwaukee is far from unique in its racial disparities in homeownership. Large gaps exist statewide and in each

Table 1: Population and housing characteristics of Wisconsin and its largest cities

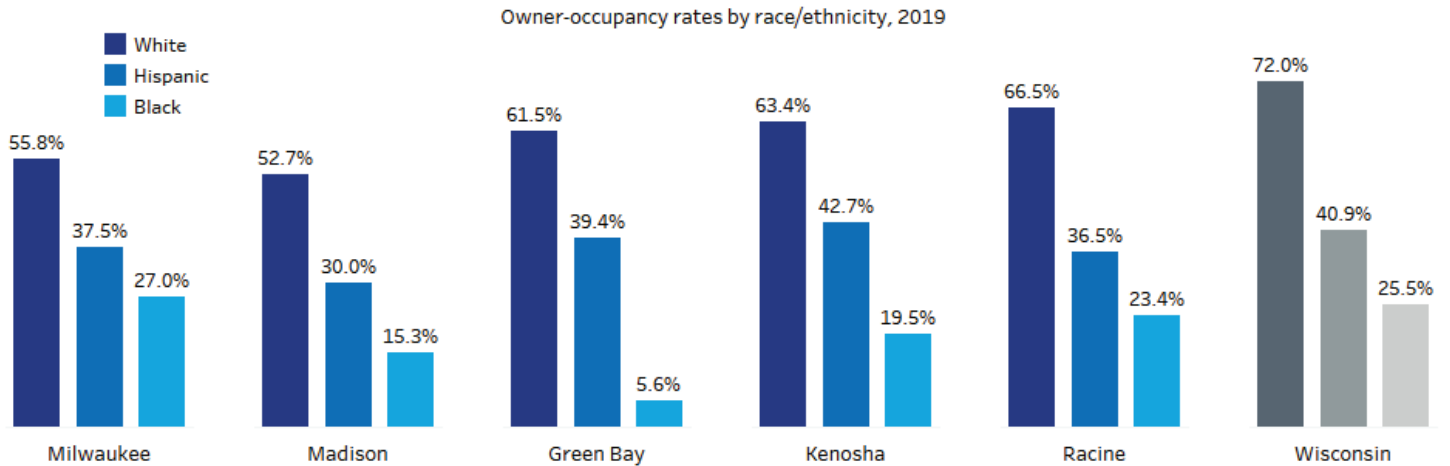
	Total Population 2020	% White 2020	% Hispanic 2020	% Black 2020	% Asian 2020	Median Household Income 2019	Median Home Value 2019
Milwaukee	577,222	32%	20%	38%	5%	\$41,838	\$122,100
Madison	269,840	69%	9%	7%	9%	\$65,332	\$246,300
Green Bay	107,395	64%	18%	5%	4%	\$49,251	\$135,900
Kenosha	99,986	63%	20%	10%	2%	\$55,417	\$152,500
Racine	77,816	46%	24%	23%	1%	\$44,056	\$108,700
Wisconsin	5,893,718	79%	8%	6%	3%	\$61,747	\$180,600

Note: White and Black population percentages only include non-Hispanic individuals.

Source: U.S. Census Bureau. 2020 Decennial Census and 2019 American Community Survey 5-year estimates.



Figure 1: Large Racial Gaps in Homeownership in Wisconsin and its Biggest Cities



Note: Owner-occupancy rates are for non-Hispanic white households, Hispanic households of any race, and Black households (which may include some who identify as both Black and Hispanic). Source: U.S. Census Bureau. American Community Survey 5-year estimates.

of Wisconsin's four other largest cities. In fact, as shown in Figure 1, the gaps in those four cities actually exceed those in Milwaukee. These figures are from 2019 and are the most recent data available; since then, Wisconsin's housing market has experienced considerable changes (described below) that may have caused these rates to shift.

Milwaukee has a 29-percentage-point gap in Black-white homeownership, which is lower than the statewide gap (47 percentage points) as well as the gaps in the other four large cities, which range from 37 to 56 points. The Black homeownership rate is also higher in Milwaukee than in the rest of the state. In all five cities and statewide, the homeownership rate for Black households is the lowest of the three groups, while the rate for Hispanic households falls somewhere between the rates for white and Black households.

Milwaukee has a lower rate of homeownership among non-Hispanic white households than some of the other cities and the state as a whole, which also contributes to its smaller (though still substantial) racial gaps in homeownership.

While racial gaps in homeownership rates can be found throughout the nation, they are particularly large in Wisconsin. In 2019, the Black-white homeownership gap was 30 percentage points nationally and 47 points in Wisconsin. A key difference is that the homeownership rate for Black households was much higher nationally (42%) than in Wisconsin (25%). The Hispanic-white homeownership gap was also somewhat larger in Wisconsin (31 percentage points) than nationally (25 points).

While undoubtedly not the only factor, lower household incomes for Black and Hispanic households in Wisconsin likely contribute to this trend. Whereas the median household income for non-Hispanic white households is 6% lower in Wisconsin than nationally, those gaps are 11% for Hispanic households in Wisconsin versus nationally and 25% for Black households.

GAPS IN HOMEOWNERSHIP RATES WIDENING

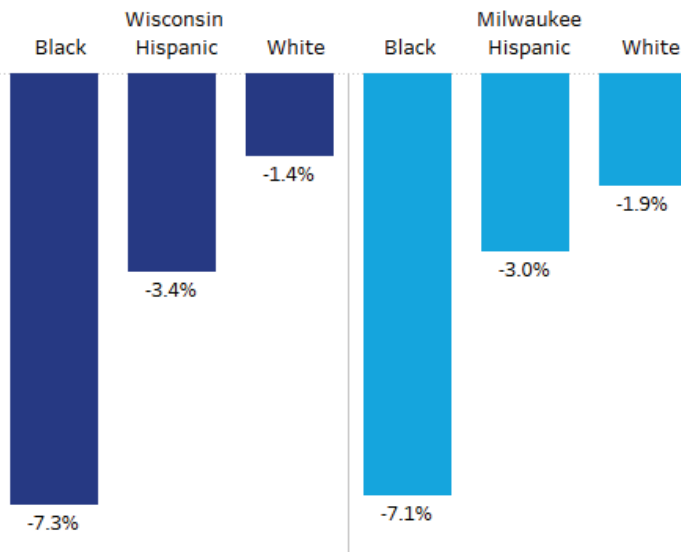
Racial disparities in homeownership have deepened in Wisconsin over the last decade. While Black, Hispanic, and white households all experienced decreased owner-occupancy rates between 2010 and 2019, racial disparities widened between these groups (especially with respect to Black households). As shown in Figure 2 on the following page, owner-occupancy in Wisconsin decreased by more than seven percentage points among Black households, three points among Hispanic households, and one point among white households. The Black-white disparity thus widened by nearly six percentage points, while the Hispanic-white disparity widened by two points.

These trends were similar in Milwaukee. Racial gaps in homeownership likely widened in most if not all of the state's other largest cities during this period. Unfortunately, the smaller Black and Hispanic populations in those cities makes it difficult to track changes over time due to concerns about the reliability of the data.



Figure 2: Racial Gaps in WI Homeownership Deepen

Percentage-point change in owner-occupancy rates, 2010 to 2019



Note: Owner-occupancy rates are for non-Hispanic white households, Hispanic households of any race, and Black households (which may include some who identify as both Black and Hispanic). Source: U.S. Census Bureau. American Community Survey 5-year estimates.

Wisconsin's declining racial equity in homeownership during this period likely stemmed in part from the 2007-2010 financial and foreclosure crisis and associated economic recession, which deflated homeownership, homebuilding, and home buying activity for several subsequent years. The foreclosure crisis was fueled in part by subprime and predatory lending and, according to at least one national study, had [racially disproportionate impacts in Milwaukee](#) and elsewhere.

As previously noted, gaps in household income are another major factor contributing to Wisconsin's large (and widening) racial disparities in homeownership. In 2019, the median income of non-Hispanic white households in Wisconsin was \$64,927, compared with \$46,266 for Hispanic households and \$31,351 for Black households. The Black-white income gap also widened between 2010 and 2019, with the median income of white households increasing by 20% during that period compared with 22% for Hispanic households and 13% for Black households.

Previous Wisconsin Policy Forum [research](#) and an [affordable housing strategic plan](#) developed by the Community Development Alliance highlight a number of additional factors that contribute to longstanding racial inequities in homeownership in Milwaukee, some of which are also relevant statewide. Those include: discriminatory housing and lending policies of the past

(for example, much has been written about the fact that the federal government prior to and after World War II would not insure mortgages on homes in predominantly Black neighborhoods); households' need for more supportive services before and after purchasing a home; and the intensifying trend of [out-of-state investors](#) acquiring homes in majority Black and Hispanic neighborhoods for rental purposes.

While data are not yet available to show how homeownership rates have changed since 2019, the COVID-19 pandemic has caused the cost of buying a home to rise in Wisconsin and nationally due to increased demand and limited supply. According to the Wisconsin Realtors Association, [the median home price in Wisconsin rose](#) from \$198,000 in 2019 to \$240,000 in 2021 – a 21.2% increase in just two years. That increase may be exacerbating existing racial disparities by putting homeownership out of reach for more Black and Hispanic households.

EFFORTS TO FOSTER RACIAL EQUITY IN HOMEOWNERSHIP

Noteworthy efforts are underway to foster racial equity in homeownership in Wisconsin. For example, the Wisconsin Housing and Economic Development Authority's (WHEDA) emergent African American & Latino Homeownership Initiative is seeking to build a data-driven understanding of Black and Hispanic households and their experience with homeownership in Wisconsin, focusing especially on prospective homebuyers' preferences and priorities. The initiative is designed to help WHEDA develop pilot strategies for enabling greater Black and Hispanic homeownership and involves collaboration with community stakeholders statewide. WHEDA is the state's housing finance authority and offers a number of first mortgage and down payment assistance [programs](#) to homebuyers in Wisconsin.

In Milwaukee, improving racial equity in homeownership is a major goal of the aforementioned [affordable housing strategic plan](#), which was completed in 2021. The plan recommends a combination of "offensive" and "defensive" strategies for doing so.

Offensive strategies include expanding homebuyer counseling and down payment assistance and creating a [strategic acquisition fund](#) to preserve units in predominantly Black and Hispanic neighborhoods for



homeownership. Defensive strategies involve mitigating foreclosures, reducing the burden of property taxes, strengthening home repair resources, and expanding post-purchase homeowner counseling. The plan calls for existing and new resources from public, private, philanthropic, and civic funders and suggests that 33,100 new opportunities could be provided for lower-income Black and Hispanic homeowners over 30 years if the recommended strategies are fully implemented.

CONCLUSION

Homeownership is widely considered an effective strategy for individuals and families to build wealth and achieve financial stability. Our analysis shows that racial disparities in homeownership exist throughout Wisconsin and are larger here than nationally. We also find that those gaps have widened over the last decade. While raising household incomes among Black and Hispanic households will be critical to address this problem over the long term, making progress in the short term likely will require a range of additional strategies. Recent activity at the state level and in Milwaukee suggests that public and private sector leaders are prioritizing this issue.

Given that it is the largest and most diverse city in Wisconsin, we are digging deeper on this issue with respect to Milwaukee. An upcoming report – to be released this spring or summer – will examine peer cities that are demographically similar to Milwaukee but more equitable with regard to homeownership. Our research objective includes gaining a better understanding of what public and private sector organizations are doing to improve equity in homeownership in those cities and how they compare with related efforts in Milwaukee.

