COLOR OF CHANGE

Tax Reform and Housing Affordability for Renters

Affordable housing and homeownership are fundamental to economic stability and community well-being, and understanding the impact of U.S. housing tax policy on Black communities is crucial for driving equitable change. They both also feel out of reach in Black communities across the country.

When the next administration comes into power, one of their first items of business will be the reform or extension of the 2017 Trump tax cuts. As part of that tax fight, Color Of Change is launching a campaign to update the federal tax code to make housing more affordable and support first-time homebuyers.

Why We Care:

Black households are over-represented in the rental market generally, with **58%of Black households renting** their housing in 2019 compared to **28% of White households.** 86% of Black renters desire to own a home.

(Fannie Mae)

Black homeownership lags the furthest behind the White home-ownership rate according to a report from the National Association of Realtors using data from 2022, the most recent American Community Survey from the US Census Bureau. **The Black homeownership rate is 44.1% in 2022 compared to the 72% White homeownership rate that same year.**

Black renters, like other renters, do not benefit from federal tax policy designed to favor homeowners, who are predominantly white. For example, the mortgage interest tax deduction, which saves homeowners an average of **$2,400 a year** on taxes is unavailable to those who rent.

(Tax Policy Center).

The 2023 American Community Survey conducted by the US Census Bureau found that about **2.5 million, or 30.6%, of Black households were considered "severely cost-burdened,"** meaning they spent more than **50% of their income on housing costs in 2023.**Last year, 56.2% of Black or African American households spent more than 30% of their income on housing costs, compared to 49.7% of the total population.

As larger multi-family buildings concentrate in specific geographic areas and account for a growing share of rental properties, Black renters are disproportionately left with less stability and fewer protections for tenants. Black renters' share of house-holds in high-rental neighborhoods is 23 percent; nearly four times that Black renters in low-rental areas (6 percent).

(Joint Center for Housing Studies of Harvard University)

The lower homeownership rate among Black households is influenced by factors such as historical exclusion from homeownership opportunities (e.g. redlining), lower rates of generational wealth transfer, a lack of housing supply, and ongoing systemic barriers to accessing mortgage loans. This discrepancy in homeownership and over-representation in the rental market perpetuates economic injustices and inhibits families from being economically secure and building generational wealth.

In 2023, **27.2% of Black applicants were denied a mortgage, more than double the 13.4% of white borrowers.** That's a full 10 percentage points higher than borrowers of all races, according to the analysis of the Home Mortgage Disclosure Act from the Urban Institute's Housing Finance Policy Center.

(Home Mortgage Disclosure Act)