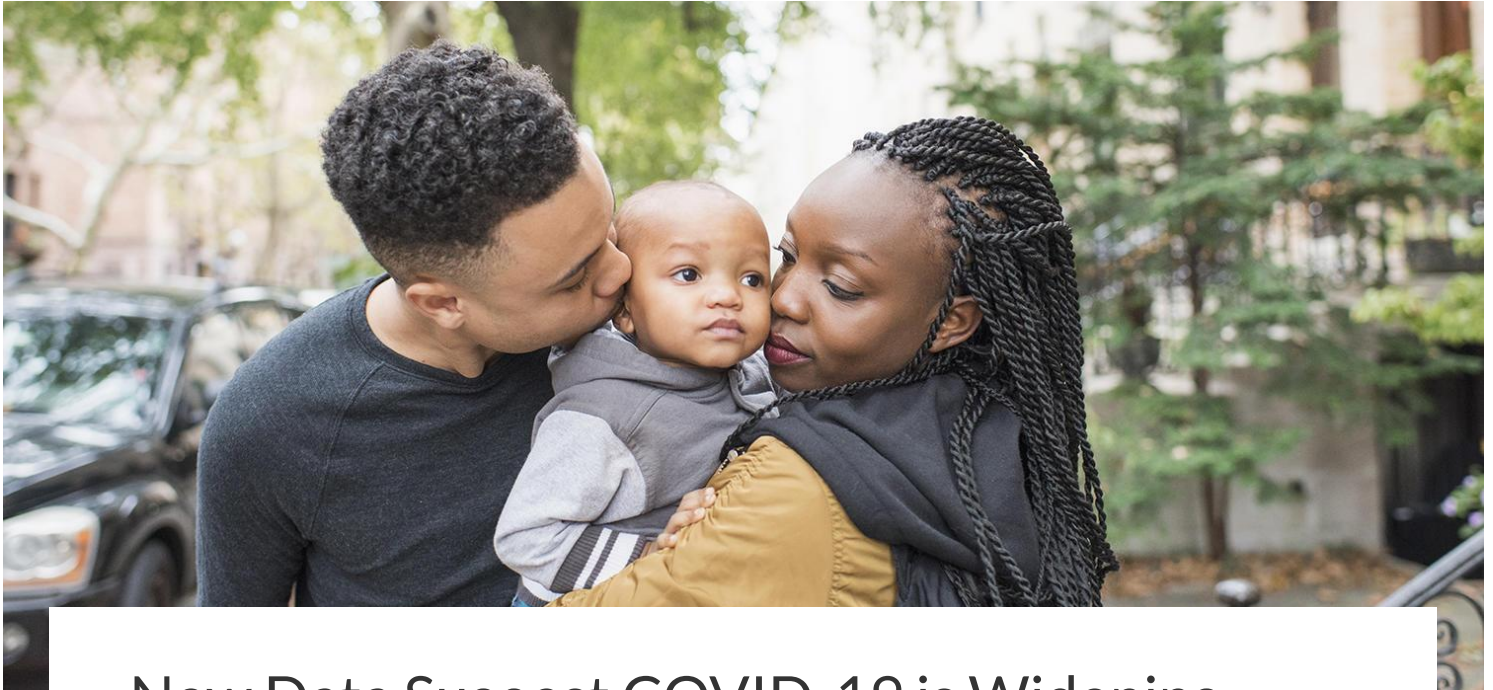




## Urban Wire :: Housing and Housing Finance

*The blog of the Urban Institute*



# New Data Suggest COVID-19 is Widening Housing Disparities by Race and Income

**Solomon Greene, Alanna McCargo** | *May 29, 2020*

*Titles and notes for the graphs were changed to clarify that percentages refer to the share of adults in households who pay either rent or mortgages, rather than referring to housing payments (updated 6/2/2020).*

Racial and economic disparities in access to safe and affordable housing existed long before the COVID-19 pandemic, and [new data](#) from the US Census Bureau suggest that the pandemic—and its economic fallout—is only widening these divides.

New Data Suggest COVID-19 is Widening Housing Disparities by Race and Income

history of discriminatory [housing](#) and [lending](#) practices. Last year, a larger share of **Black** and Latino renters had [difficulty paying rent](#) than white households, and the homeownership gap between **Black** and white families reached [record highs](#). During the Great Recession, **Black** and [Latino](#) households, many of whom lived in neighborhoods that were ravaged by foreclosures or steep housing price declines, suffered devastating losses of household wealth, and they still haven't caught up. For low-income renters of all races and ethnicities, housing cost burdens [have soared in recent years](#), despite a strong economy.

**Black** and Latino people have been hardest hit by stay-at-home orders and other public health measures put in place to slow the spread of COVID-19 because of a legacy of [occupational segregation](#) that has led to them being [overrepresented in low-wage jobs](#) and in [jobs that can't transition to remote work](#). In April, Latino unemployment reached a [record high of 18.9 percent](#), and **Black** unemployment [reached 16.7 percent](#). Layoffs related to COVID-19 for **Black** and Latino workers are also more likely to lead to housing instability, as they already reported [higher rates of financial insecurity and lower savings](#) to draw from to weather economic shocks before the crisis began.

How much worse will housing disparities become as a result of the COVID-19 crisis? Who is most likely to be able to pay when rent and mortgage payments are due on Monday? And how might families of different races and incomes face different risks of losing their homes as [eviction and foreclosure moratoria are lifted this month](#)?

Until recently, we had no real-time, national data on housing payments disaggregated by race and ethnicity, income, age, and other household characteristics to help us understand the effects of a fast-moving crisis such as COVID-19 as it unfolds. But last week, the Census Bureau released the initial results from its new [Household Pulse Survey](#), which is administered weekly nationwide by text and email to gauge how the pandemic is affecting people's health, housing, and livelihoods.

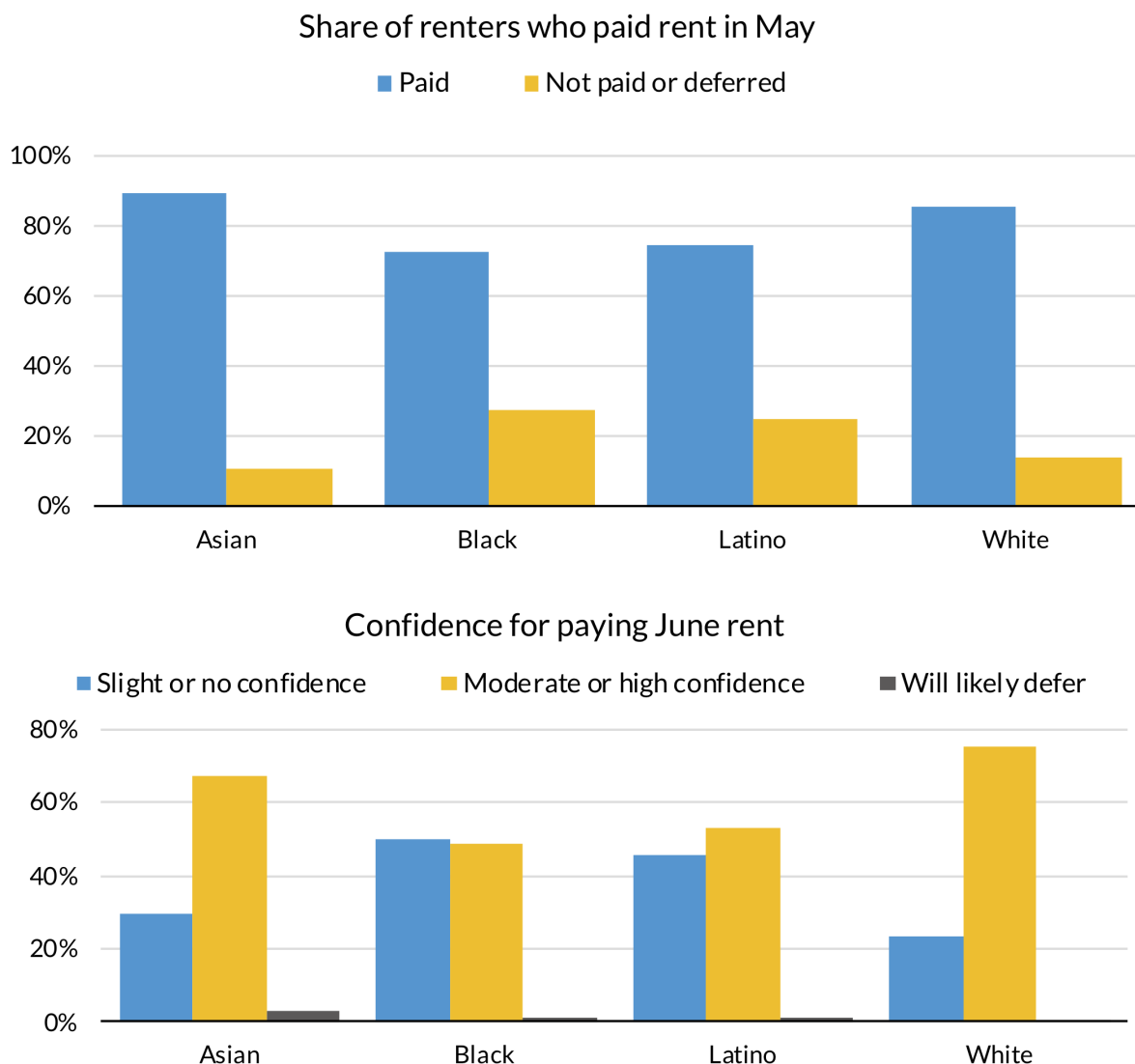
On Wednesday, the Bureau released its latest and largest Pulse survey results to date, with [133,000 responses](#) to a survey sent May 14–19. We crunched the survey numbers to see how homeowners and renters are faring and what their prospects are as mortgages and rents come due on June 1. We found that people of color and lower-income families are struggling to cover their housing costs and are more likely to experience housing instability in the future.

## Black, Latino, and lower-income renters were more likely to miss rent in May than white and higher-income renters

The Pulse survey reveals striking differences by race and ethnicity as to who paid rent in May, as well as who expects to be able to pay next month. About a quarter of **Black** and

expressed slight or no confidence in their ability pay rent in June, nearly half of **Black** and Latino renters expressed similar concern.

## Renters by Race and Ethnicity



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**Source:** Authors' calculations using US Census Bureau Household Pulse Survey data for May 14–May 19, 2020.

**Notes:** Results include estimates for renters who responded to the survey and answered specific questions about their ability to pay. The Pulse Survey provides estimates for all adults in households; therefore, percentages should be interpreted as the share of adults in households who pay rent. "Latino" includes respondents who identified as "Hispanic or Latino" of any race; "White," "Black," and "Asian" exclude respondents who identified as "Hispanic or Latino."

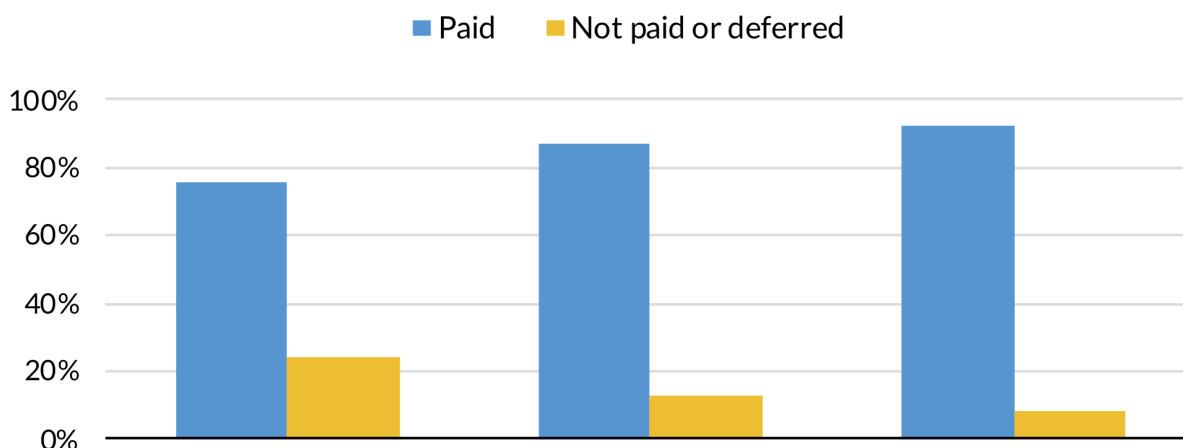
Lower-income renters were already **more likely to be cost-burdened** before the pandemic started and had **less money saved** to weather financial shocks. Now we are

deferred rent this month, compared with only 8 percent of renters making \$100,000 or more a year.

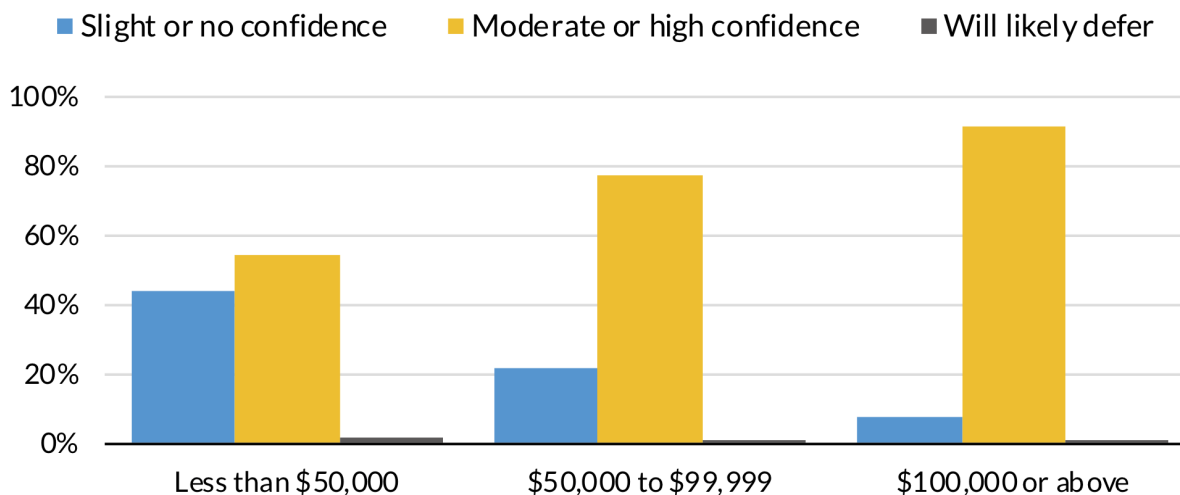
Lower-income renters were also much less confident that they'd meet rent in June: 44 percent expressed slight or no confidence in their ability to pay, compared with only 7 percent for higher-income renters. Likewise, lower-income homeowners were much more likely to miss mortgage payments than their higher-income counterparts in May.

## Renters by Income

### Share of renters who paid rent in May



### Confidence for paying June rent



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**Source:** Authors' calculations using US Census Bureau Household Pulse Survey data for May 14–May 19, 2020.

**Notes:** Results include estimates for renters who responded to the survey and answered specific questions about their ability to pay. The Pulse Survey provides estimates for all adults in households; therefore, percentages should be interpreted as the share of adults in households who pay rent.

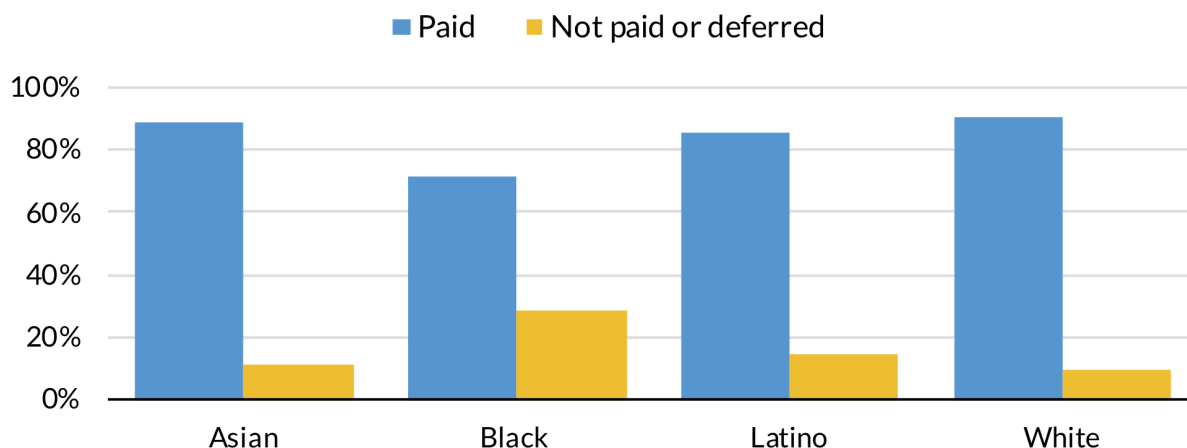
**Black homeowners were more likely to miss or defer mortgage payments in May and reported higher uncertainty for June payments**

percent of **Black** homeowners did not pay or deferred their mortgage in May, compared with only 9 percent of white homeowners. Latino and Asian American homeowners with mortgages paid this month at rates of 15 percent and 11 percent, respectively.

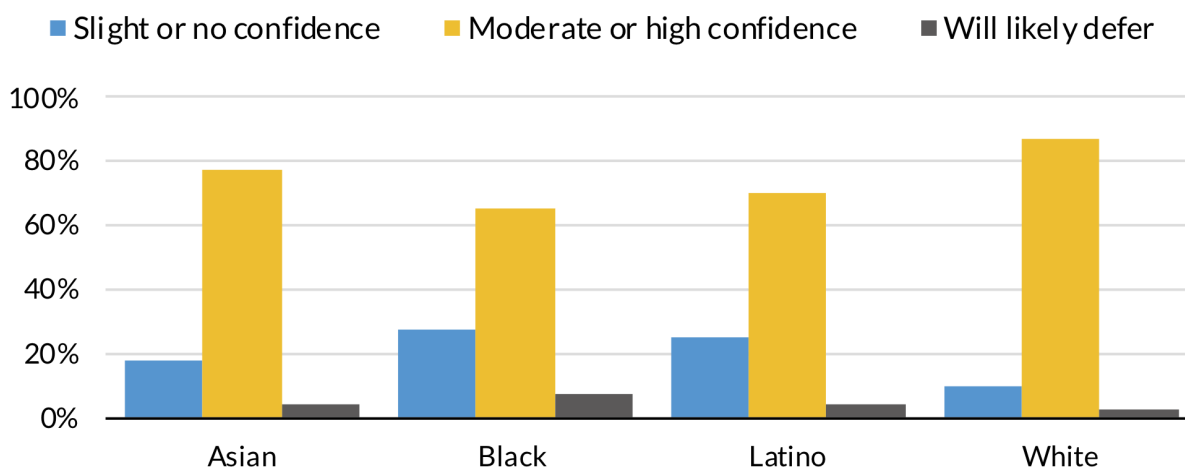
The prospects for June look a bit different. **Black** and Latino homeowners with mortgages expressed similar rates of concern about paying their mortgages—27 percent and 25 percent, respectively, had slight or no confidence—compared with only 10 percent of whites. Asian American homeowners were more concerned about paying their mortgages than a month ago: 18 percent had slight or no confidence.

# Homeowners with Mortgages by Race and Ethnicity

## Share of homeowners with mortgages who paid in May



## Confidence for paying June mortgage



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**Source:** Authors' calculations using US Census Bureau Household Pulse Survey data for May 14–May 19, 2020.

**Notes:** Results include estimates for homeowners who responded to the survey, have a mortgage, and answered specific questions about their ability to pay. The Pulse Survey provides estimates for all adults in households; therefore, percentages should be interpreted as the share of adults in households who pay mortgages. "Latino" includes respondents who identify as "Hispanic or Latino" of any race; "White," "Black," and "Asian" exclude respondents who identify as "Hispanic or Latino."

Homeowners with federally backed mortgages have some reprieve thanks to the forbearance relief options made available in the CARES Act for mortgage holders who



# Federal, state, and local housing policies must address persistent racial and economic disparities

As these data suggest, the policy and programmatic responses to the COVID-19 crisis and its impact on housing stability cannot take a one-size-fits-all approach; rather we need [race-conscious interventions](#) that address the needs of renters and homeowners of color. In addition, policy solutions should focus on meeting the needs of lower-income renters who faced housing instability before the crisis began and now face the greatest risk of eviction.

Expanding federal, state, and local moratoria on evictions is a crucial first step. But for renters of color and lower-income renters, we will need robust assistance programs that also cover missed rents. [Immediate federal action is needed](#) to protect tenants and support landlords. Not acting quickly to prevent evictions threatens to displace a large share of low-income renters and renters of color and poses grave health and economic risks.

For homeowners of color who are experiencing disparate hardships, we will need to dramatically scale up [housing counseling](#), mediation, and [loss mitigation programs](#) to ensure borrowers have safe and affordable options for exiting those forbearance plans and do not face penalties or adverse outcomes as they work to get back on solid financial footing. Programs must remain focused on keeping people in their homes and avoiding a new wave of defaults and foreclosures, which would create a housing market crash a few months from now.

We know from the data that the severity and duration of distress may be longer for households of color, and programs should consider the need for additional time for recovery. Disaggregated data on who entered the crisis with greatest challenges and who is hardest hit, such as these Pulse results, should inform policy responses to guide us to a more [inclusive and resilient recovery](#).

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