



September 2022

Keys Unlock Dreams: Houston

Housing Finance Policy Center

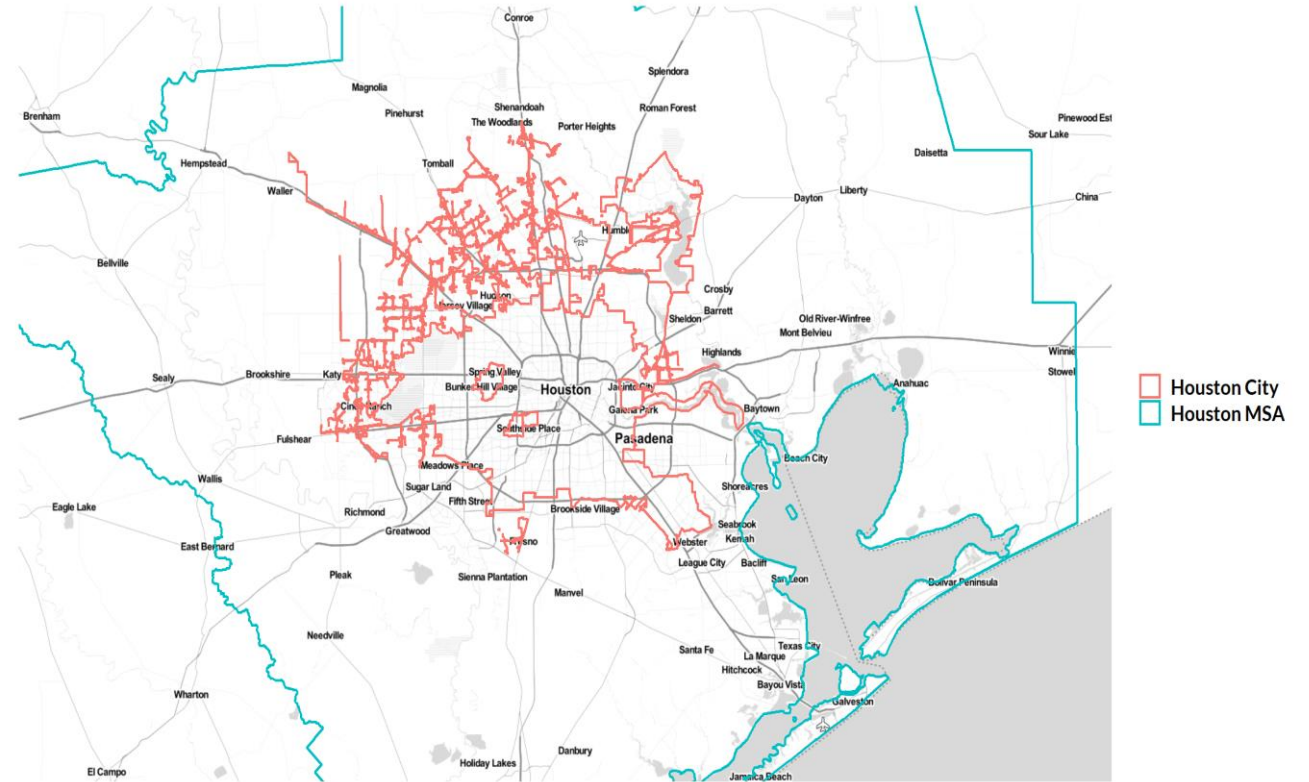
NEW HOME

Photo by Monkey Business Images/Shutterstock

About Houston

- City of Houston
 - **Population:** 2,313,238
 - **Household:** 874,827
- Houston MSA
 - **Population:** 6,979,613
 - **Household:** 2,407,993

Map of Houston



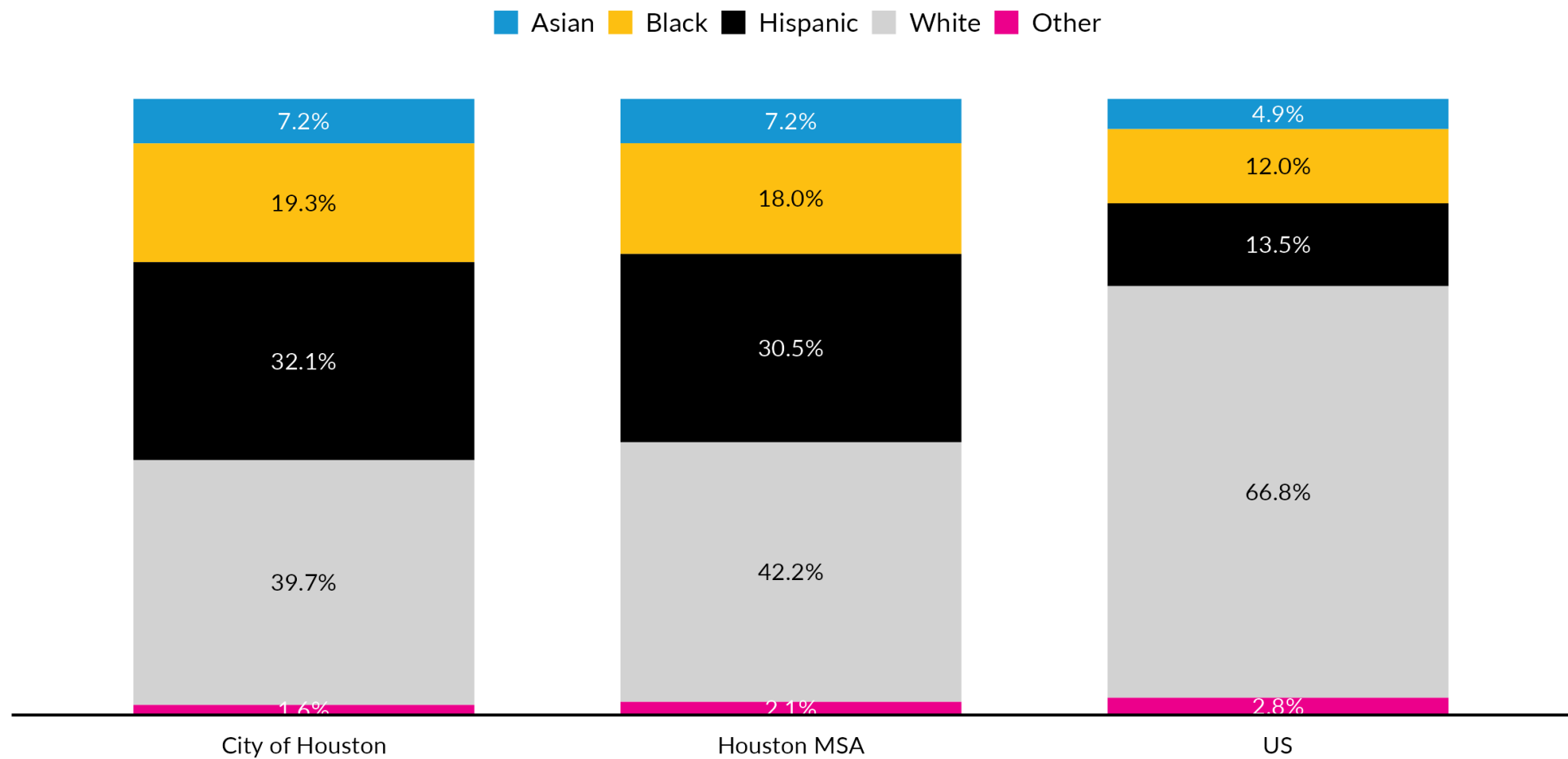
Sources: US Census Bureau and Stamen Map.
Note: MSA = metropolitan statistical area.

Executive Summary

- City of Houston has a homeownership rate more than **16 percentage points below** the national average
 - Black households have the lowest homeownership rate and experienced continuous declines in the last decade
- City population is more than **60 percent nonwhite**, while the MSA population is around **58 percent nonwhite**
 - Hispanics compose the largest nonwhite share accounting for 32 percent of the total population in the city and 31 percent in the MSA
- Home prices and income levels have recovered since the recession, but disparities have widened across racial groups, particularly for Black and Hispanic households
 - Hispanic homeowners have the lowest median property values but are the most owner cost-burdened across all race/ethnic groups in the city while Black households have the lowest median income and are the most rent-burdened in both the city and MSA
- Hispanic households in the MSA had the highest mortgage denial rates among all racial groups
- The share of cash buyers in Houston MSA rose substantially since the pandemic, increasing from around **30 percent in April 2020 to 40 percent today**
- As of January 2021, there were close to over 1 million mortgage-ready customers, including **308,400 Hispanic consumers** in Houston MSA
- Black and Hispanic consumers have significantly less favorable credit characteristics compared to Whites, with 43 percent of Black consumers and 31 percent of Hispanic consumers having credit scores below 600 compared to only 19 percent for Whites

Racial Distribution & Segregation

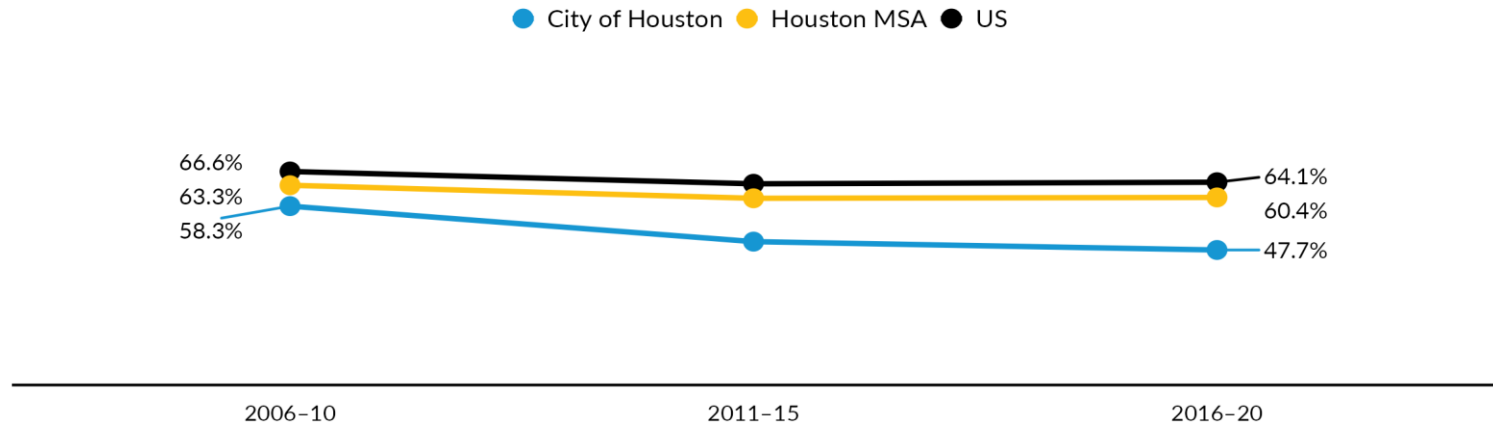
Racial and Ethnic Composition Comparison



Source: American Community Survey.
Note: MSA = metropolitan statistical area.

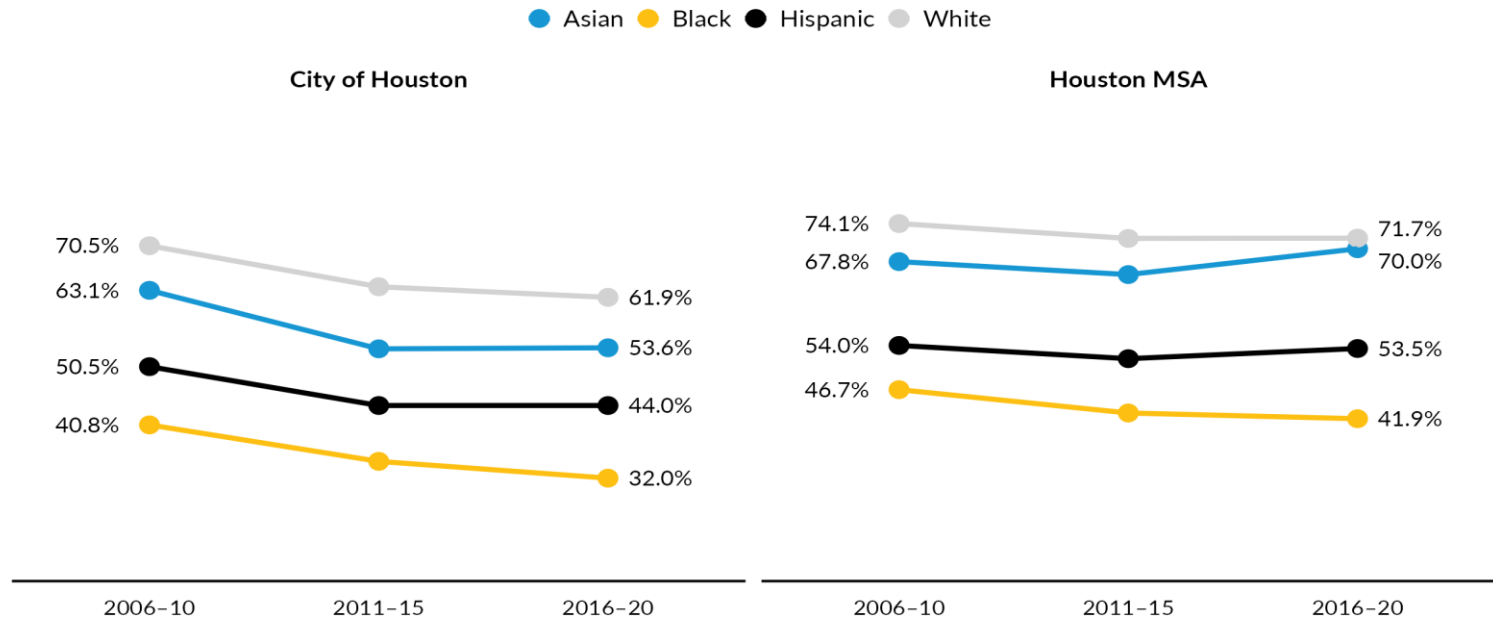
Home-ownership Rate

Homeownership Rate Comparison



Source: American Community Survey.
Notes: MSA = metropolitan statistical area. Values calculated using allocation factors provided by the Missouri Census Data Center.

Homeownership Rates, by Race or Ethnicity



Source: American Community Survey.
Notes: MSA = metropolitan statistical area. Values calculated using allocation factors provided by the Missouri Census Data Center.

Homeownership Goals

- # of Owner and Renter Households in Houston by Race and Ethnicity

	Black	Hispanic	Asian	White	Other	Total
Owner HHs	70305	125005	31491	153255	163425	390226
Renter HHs	160556	209262	37599	112121	127338	534755
Total HHs	230861	334267	69090	265376	290763	924981

Source: 2021 American Community Survey

- Homeownership Rate Comparison: Houston vs. US

	Black	Hispanic	Asian	White	Other	Total
Houston	30.5%	37.4%	45.6%	57.8%	56.2%	42.2%
US	44.0%	50.6%	60.6%	73.3%	61.2%	65.4%

Homeownership Goals (Cont.)

- # Homeowners Needed to be Added in Houston to Reach US Numbers for Each Race and Ethnicity

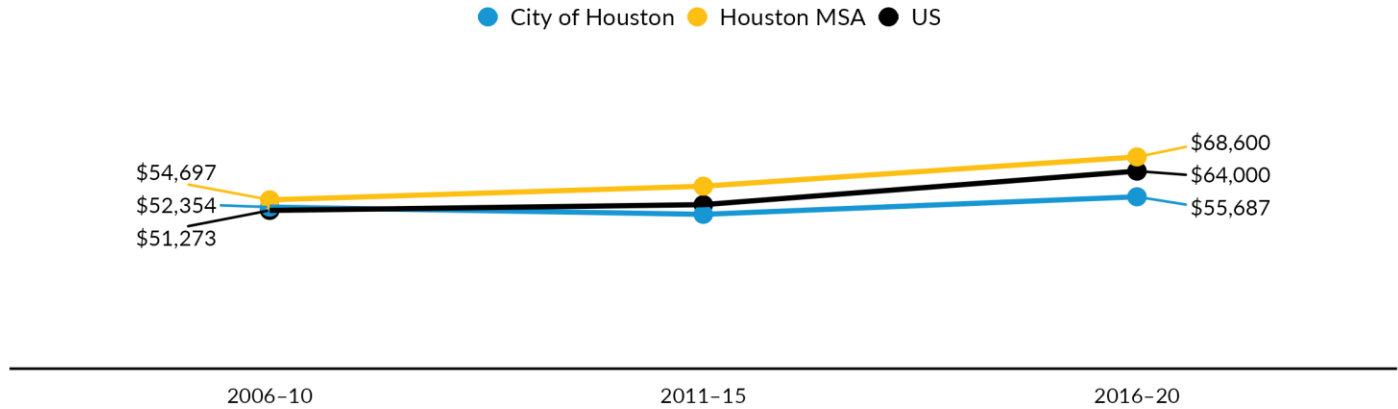
Black	Hispanic	Asian	White	Other	Total
31242	44188	10371	41264	14506	214586

- # of Homeowners Needed to be Added For Each Race and Ethnic Groups in Houston to Reach White Homeownership Rate in Houston

Black	Hispanic	Asian	Other	Non-White
63018	68035	8409	4491	143952

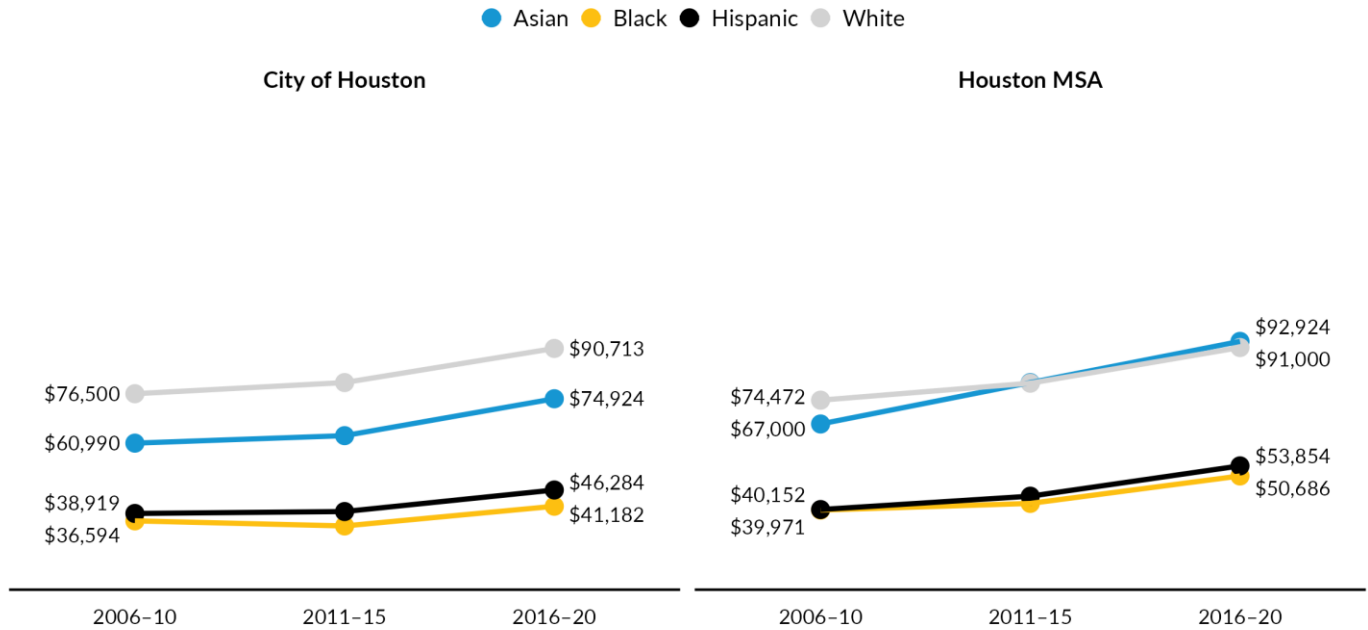
Household Income

Median Household Income Comparison



Source: American Community Survey.
Notes: MSA = metropolitan statistical area. Values are in 2019 inflation-adjusted dollars and calculated using allocation factors provided by the Missouri Census Data Center.

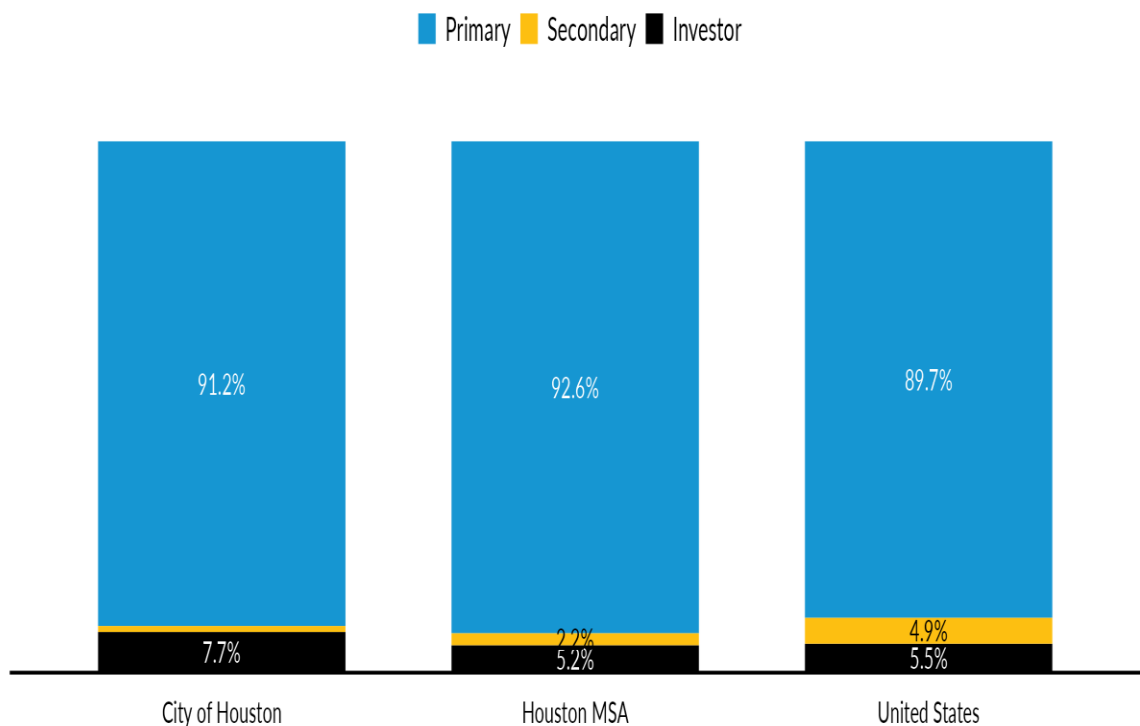
Median Household Income, by Race or Ethnicity



Source: American Community Survey.
Notes: MSA = metropolitan statistical area. Values are in 2019 inflation-adjusted dollars and calculated using allocation factors provided by the Missouri Census Data Center.

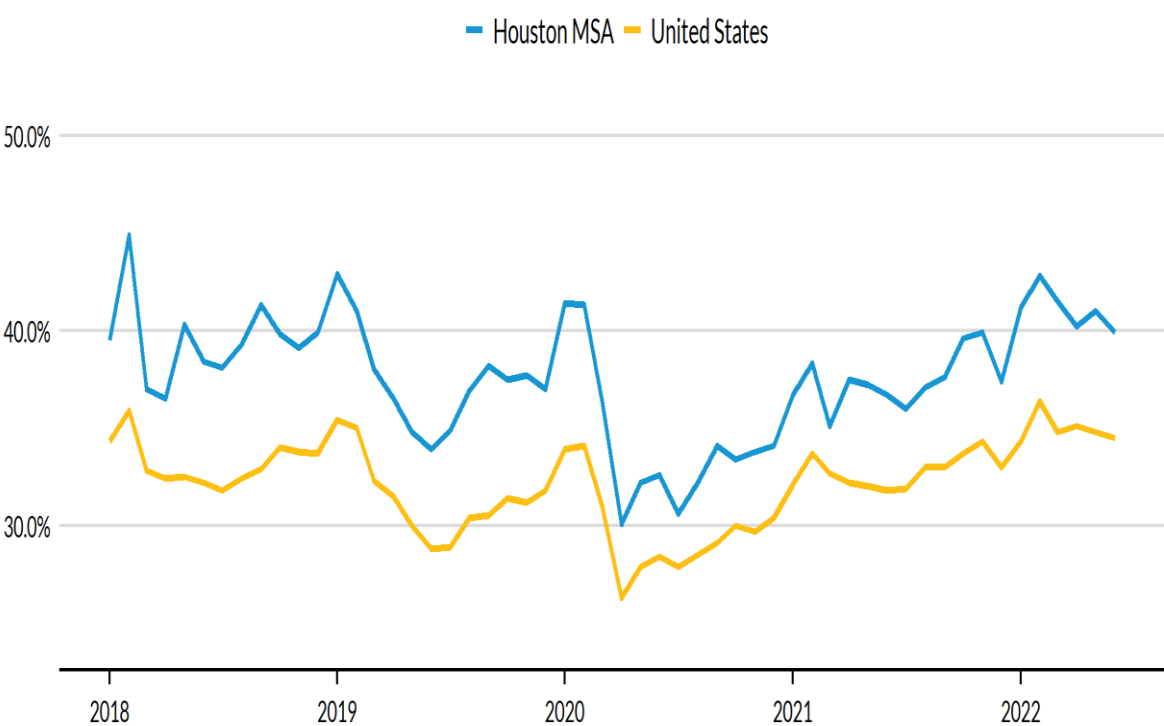
Cash Buyer and Investor Share

Property Purchase Types Comparison



Source: 2020 Home Mortgage Disclosure Act data.
Notes: MSA = metropolitan statistical area. All-cash investors are not included in the data.

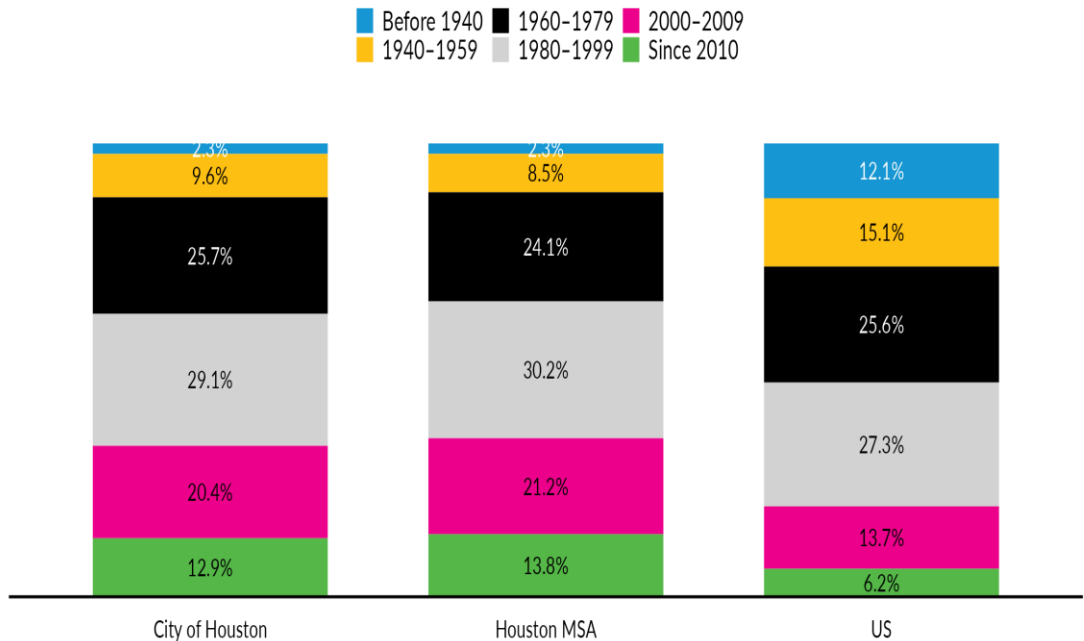
Cash Buyer Share Comparison



Source: Realtor.com
Note: MSA = metropolitan statistical area.

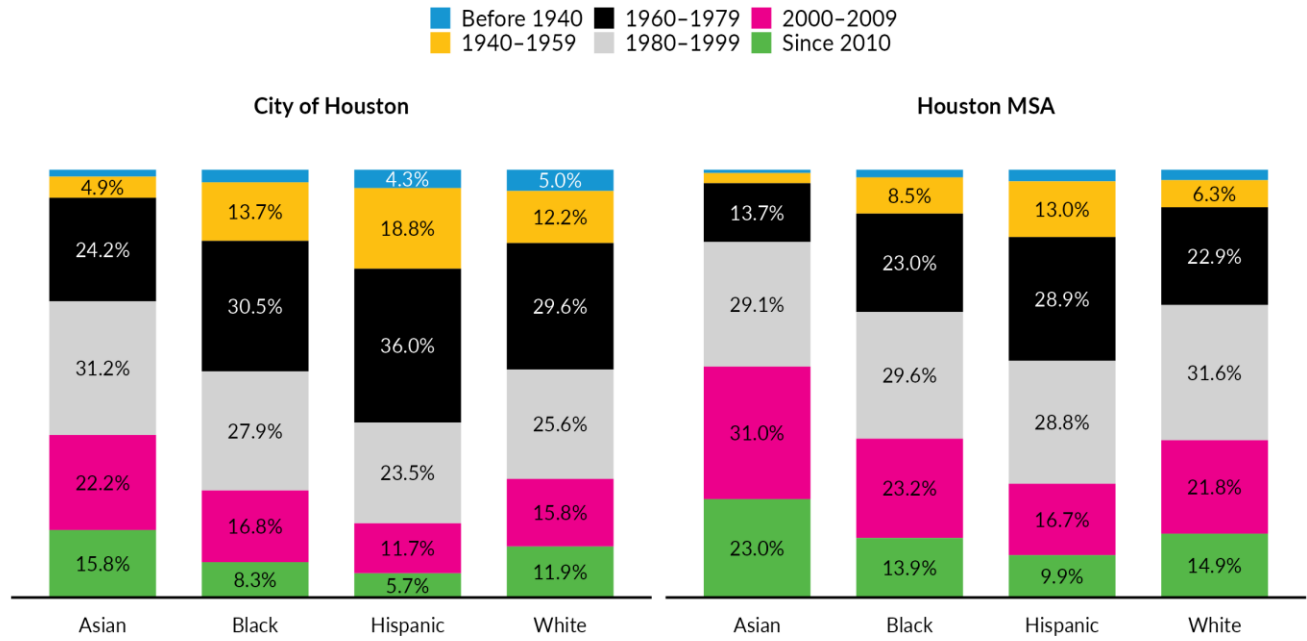
Age of Housing

Year Built Comparison



Source: 2016-20 American Community Survey.
Note: MSA = metropolitan statistical area.

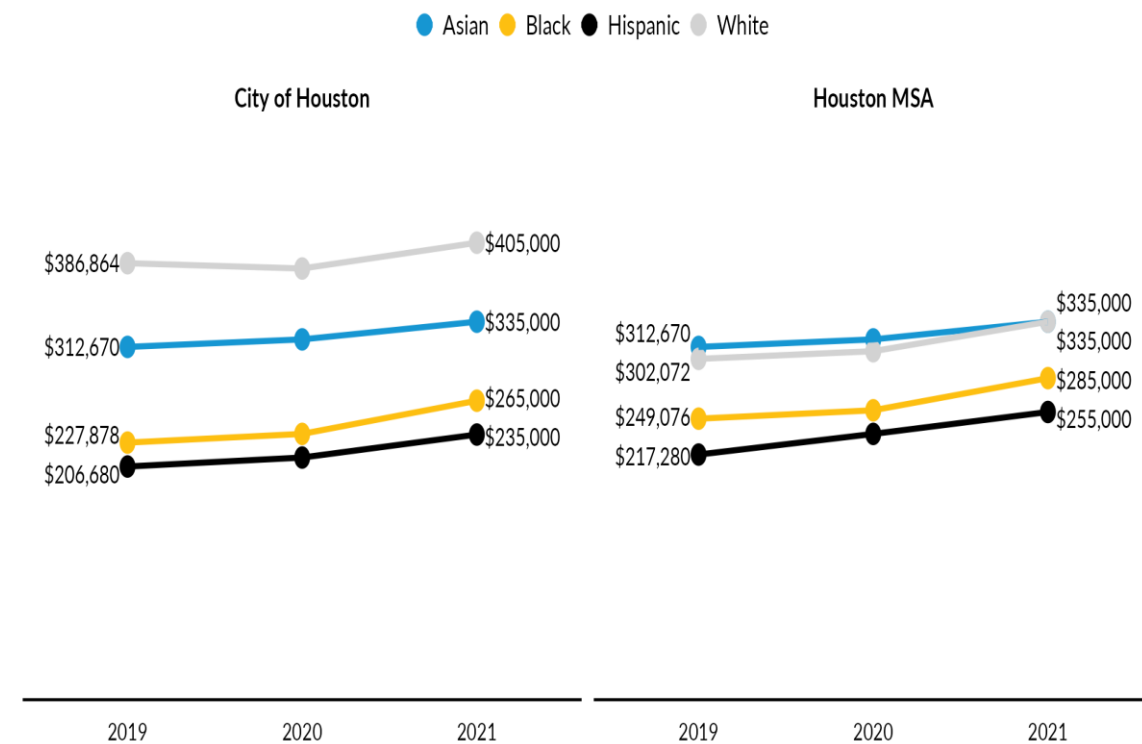
Year Built Comparison, by Race or Ethnicity



Source: 2016-20 American Community Survey.
Notes: MSA = metropolitan statistical area. Values calculated using allocation factors provided by the Missouri Census Data Center.

House Value by Race/Ethnicity

Median Property Values, by Race or Ethnicity



Source: 2019-2021 Home Mortgage Disclosure Act data.
 Notes: MSA = metropolitan statistical area. Values are in 2021 inflation-adjusted dollars. Original, unadjusted reported values rounded to the midpoint of the nearest \$10,000 interval.

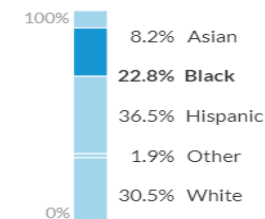
SHOW ME Black households IN Houston, TX
 COMPARED WITH Search for a city

Is housing wealth equitable in Houston, TX?

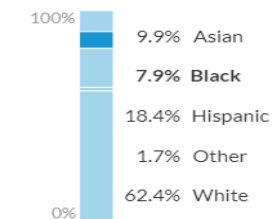
In many large cities, households of color overall own a disproportionately small share of the primary-residence housing wealth. How does Houston stack up?

SEE TOTALS ☐

Distribution of household population



Distribution of primary-residence wealth

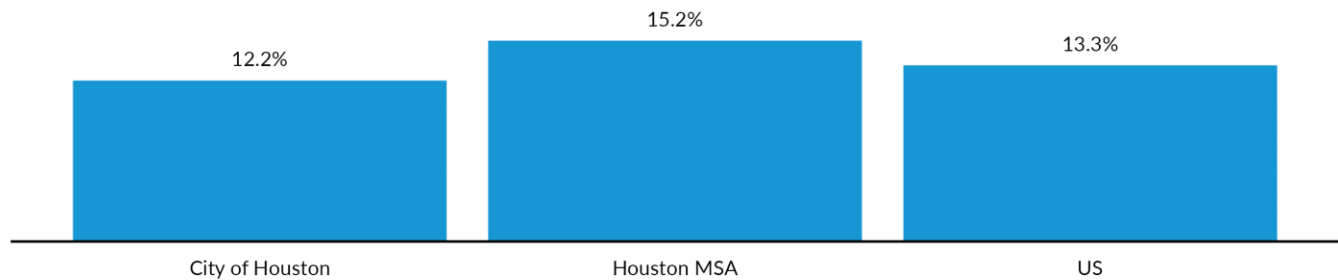


In Houston, TX, Black households make up 22.8 percent of the city's total households but own 7.9 percent of the housing wealth.

Share   

Denial rates – Purchase Mortgages

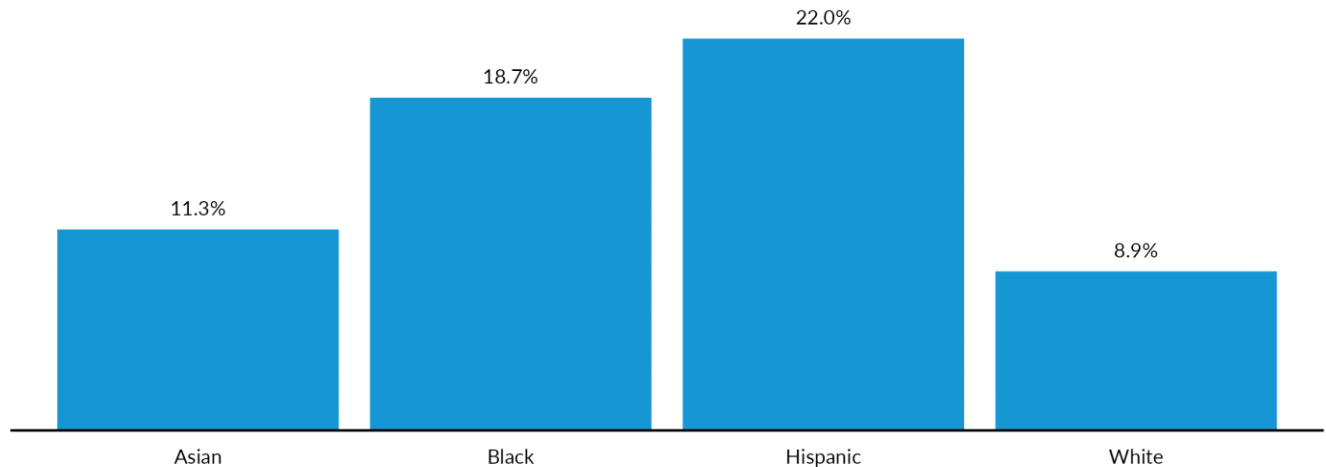
Denial Rate Comparison



Source: 2020 Home Mortgage Disclosure Act data.
Notes: MSA = metropolitan statistical area. Data are for purchase loans only.

Denial Rates, by Race or Ethnicity

Houston MSA



Source: 2020 Home Mortgage Disclosure Act data.
Notes: MSA = metropolitan statistical area. Data are for purchase loans only.

Reason for denial – by race/ethnicity

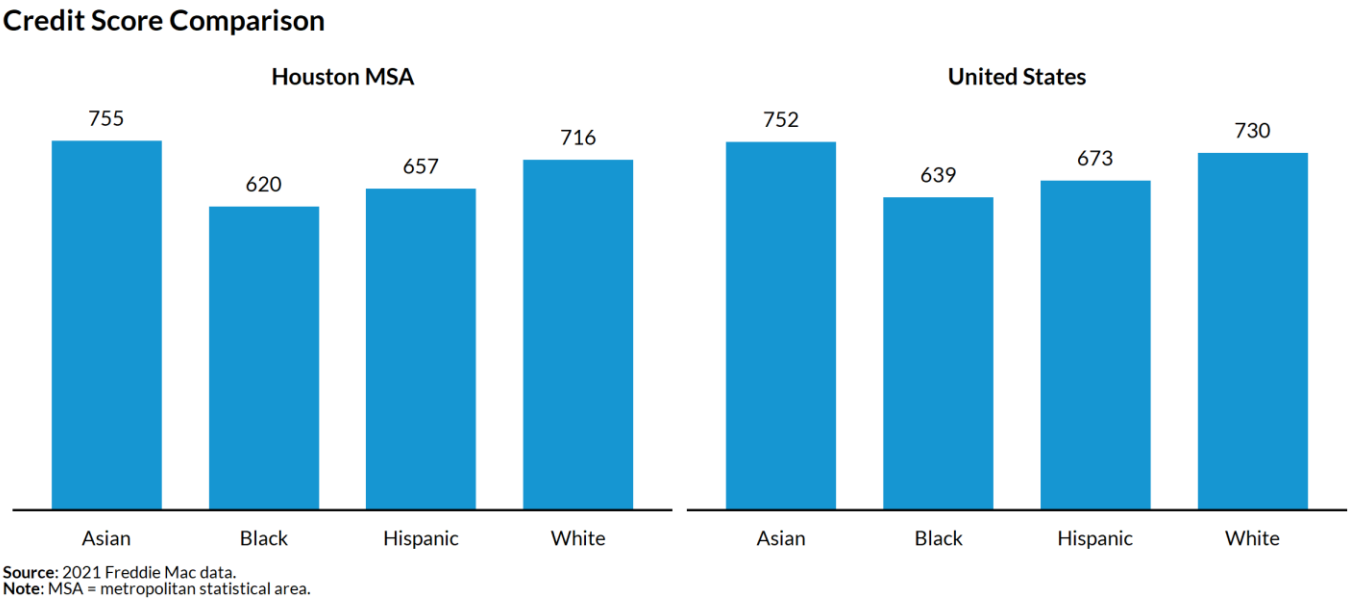
Reason for Denial

Reason	City of Houston				Houston MSA			
	Asian	Black	Hispanic	White	Asian	Black	Hispanic	White
DTI ratio	38.4%	34.5%	32.9%	30.9%	36.5%	37.9%	31.6%	29.2%
Collateral	10.2%	10.9%	8.0%	14.7%	6.6%	5.5%	3.5%	8.7%
Application incomplete	17.2%	12.6%	8.4%	21.8%	16.0%	8.4%	5.9%	13.7%
Credit history	5.7%	18.9%	24.1%	10.9%	8.8%	29.2%	38.6%	26.6%

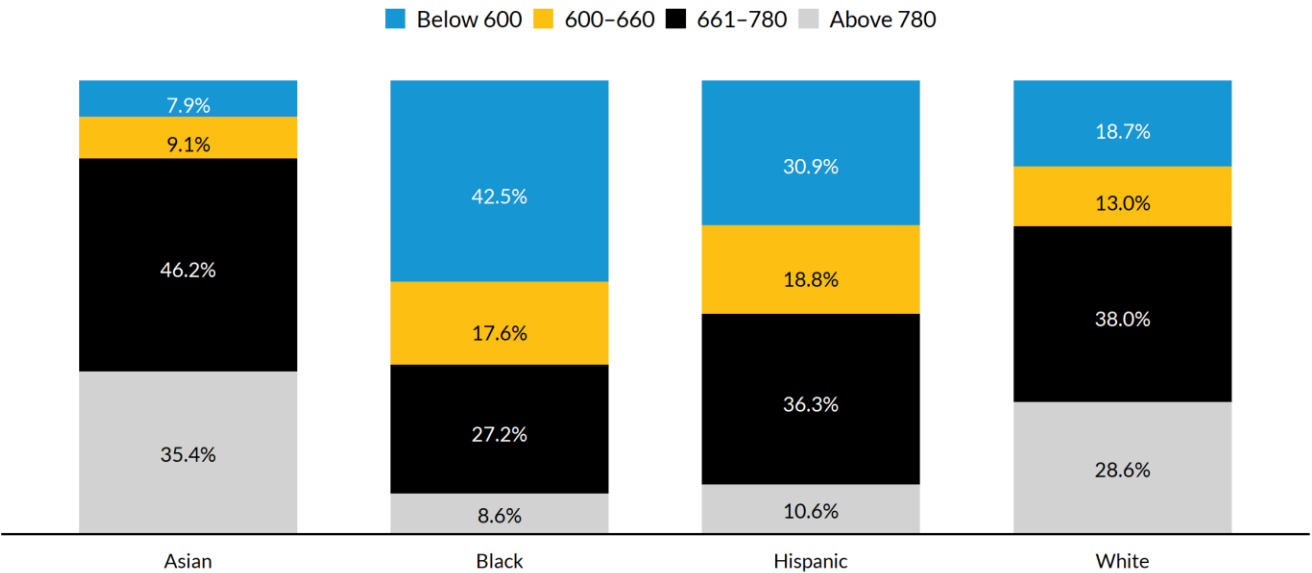
Source: 2021 Home Mortgage Disclosure Act data.

Notes: DTI = debt-to-income; MSA = metropolitan statistical area. Data are for purchase loans only.

Credit Scores



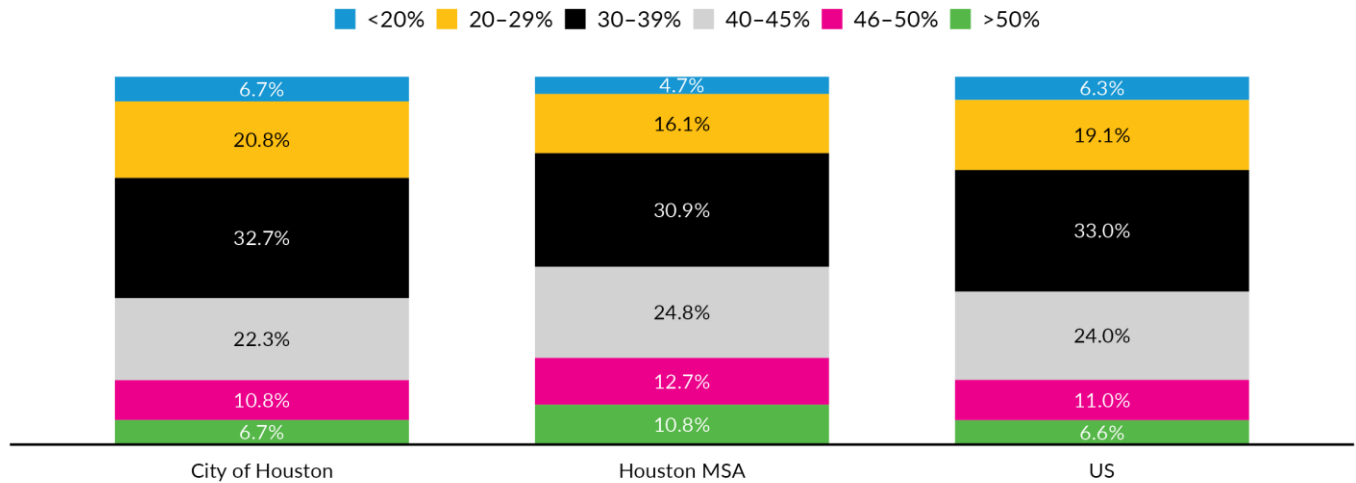
Credit Scores, by Race or Ethnicity, in the Houston Metropolitan Statistical Area



Source: 2021 Freddie Mac data.

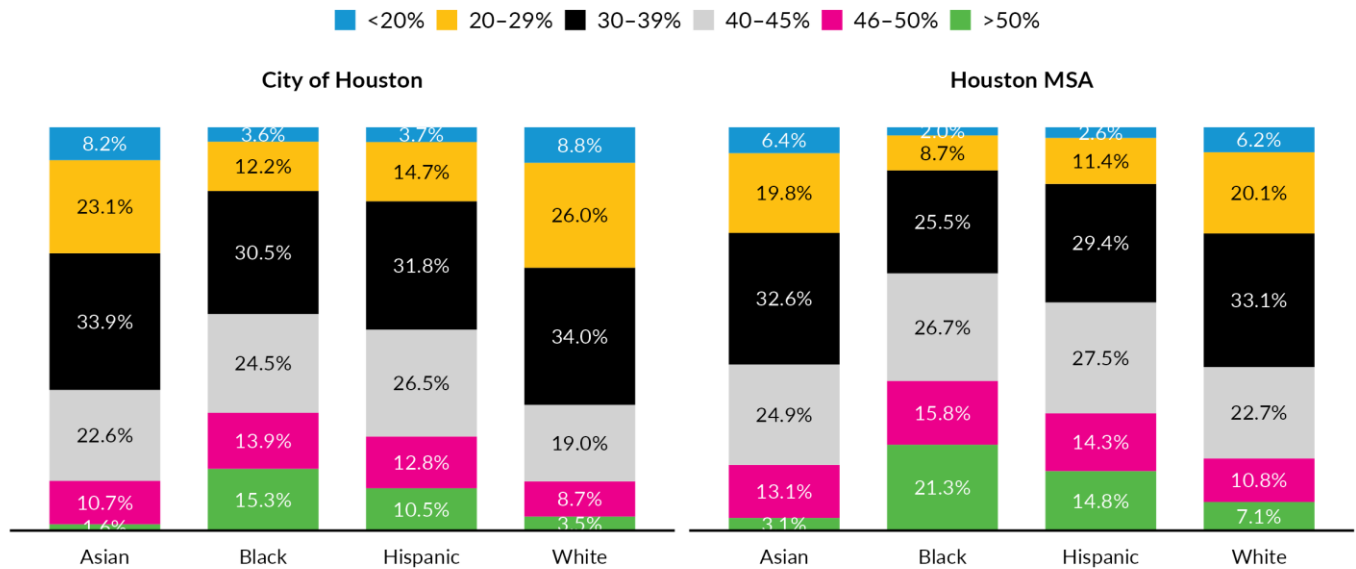
DTI Ratios

DTI Ratio Distribution Comparison



Source: 2020 Home Mortgage Disclosure Act data.
Notes: DTI = debt-to-income; MSA = metropolitan statistical area. Data are for purchase loans only.

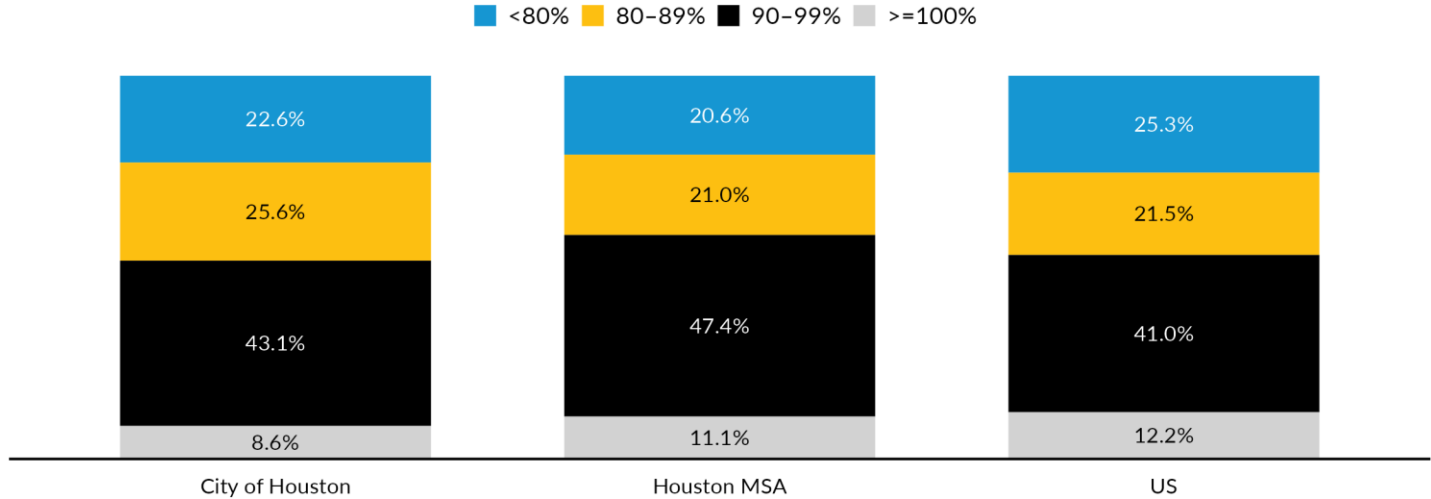
DTI Ratio Distribution, by Race or Ethnicity



Source: 2020 Home Mortgage Disclosure Act data.
Notes: DTI = debt-to-income; MSA = metropolitan statistical area. Data are for purchase loans only.

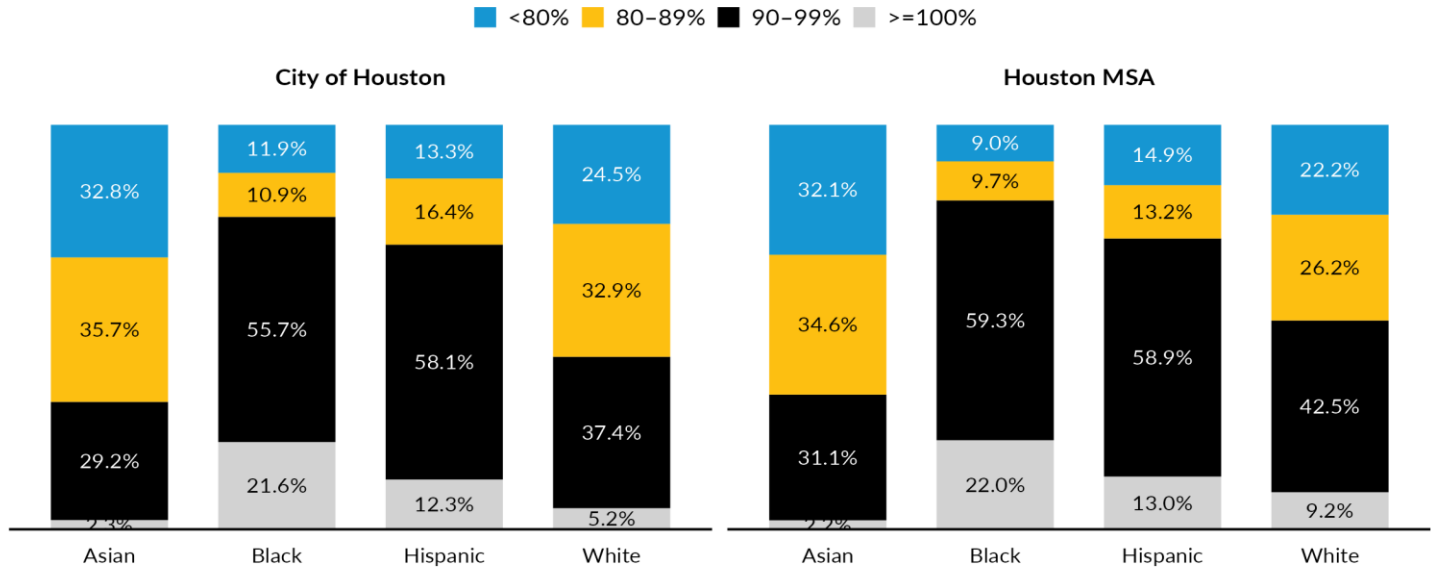
LTV Ratios

LTV Ratio Distribution Comparison



Source: 2020 Home Mortgage Disclosure Act data.
Notes: LTV = loan-to-value; MSA = metropolitan statistical area. Data are for purchase loans only.

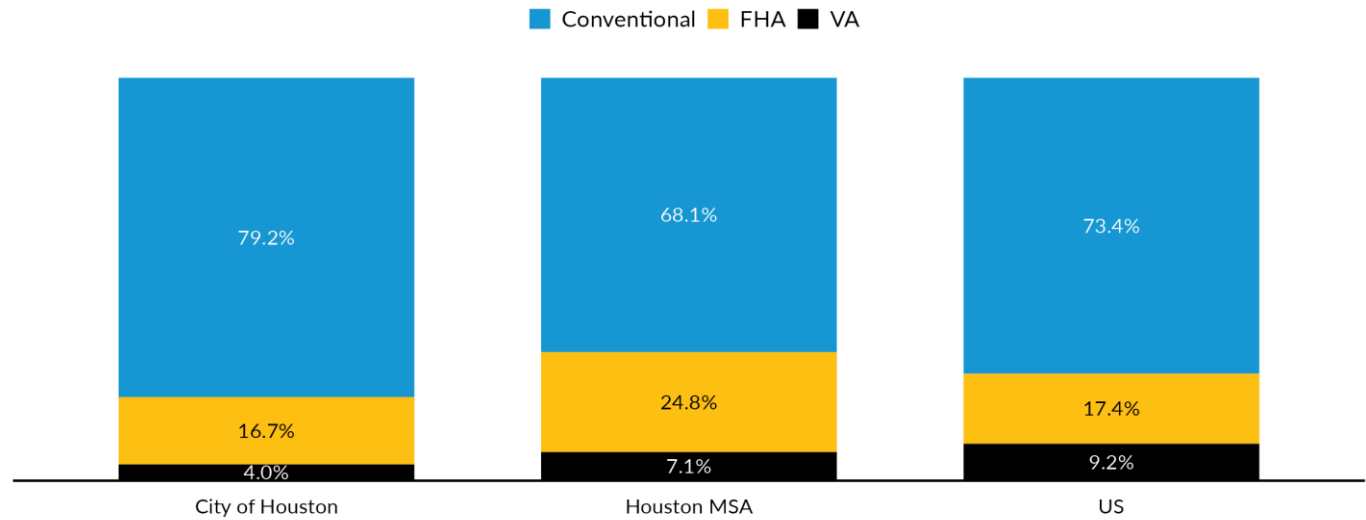
LTV Ratio Distribution, by Race or Ethnicity



Source: 2020 Home Mortgage Disclosure Act data.
Notes: LTV = loan-to-value; MSA = metropolitan statistical area. Data are for purchase loans only.

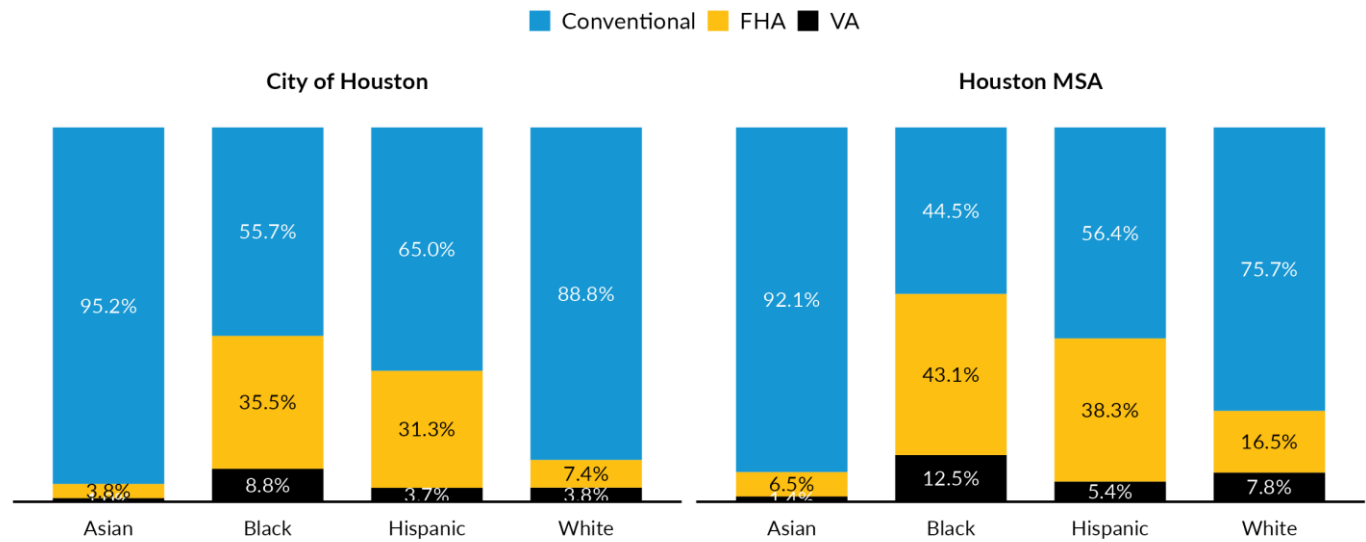
Loan Channel

Loan Channel Comparison



Source: 2020 Home Mortgage Disclosure Act data.
Notes: FHA = Federal Housing Administration; MSA = metropolitan statistical area; VA = US Department of Veterans Affairs. Data are for purchase loans only.

Loan Channel, by Race or Ethnicity



Source: 2020 Home Mortgage Disclosure Act data.
Notes: FHA = Federal Housing Administration; MSA = metropolitan statistical area; VA = US Department of Veterans Affairs. Data are for purchase loans only.

Mortgage readiness

Mortgage-Ready Count, by Race or Ethnicity

	Asian	Black	Hispanic	White	Other	Total
Houston MSA	130,900	81,800	308,400	312,400	18,300	851,800
United States	4,861,000	3,476,000	8,334,000	22,536,000	678,000	39,885,000

Source: 2021 Freddie Mac data.

Notes: MSA = metropolitan statistical area. Data are for purchase loans only. The mortgage-ready population, calculated by Freddie Mac, includes borrowers ages 45 and younger who do not have a mortgage but have the credit characteristics to qualify for one.

Mortgage Readiness, by Race or Ethnicity

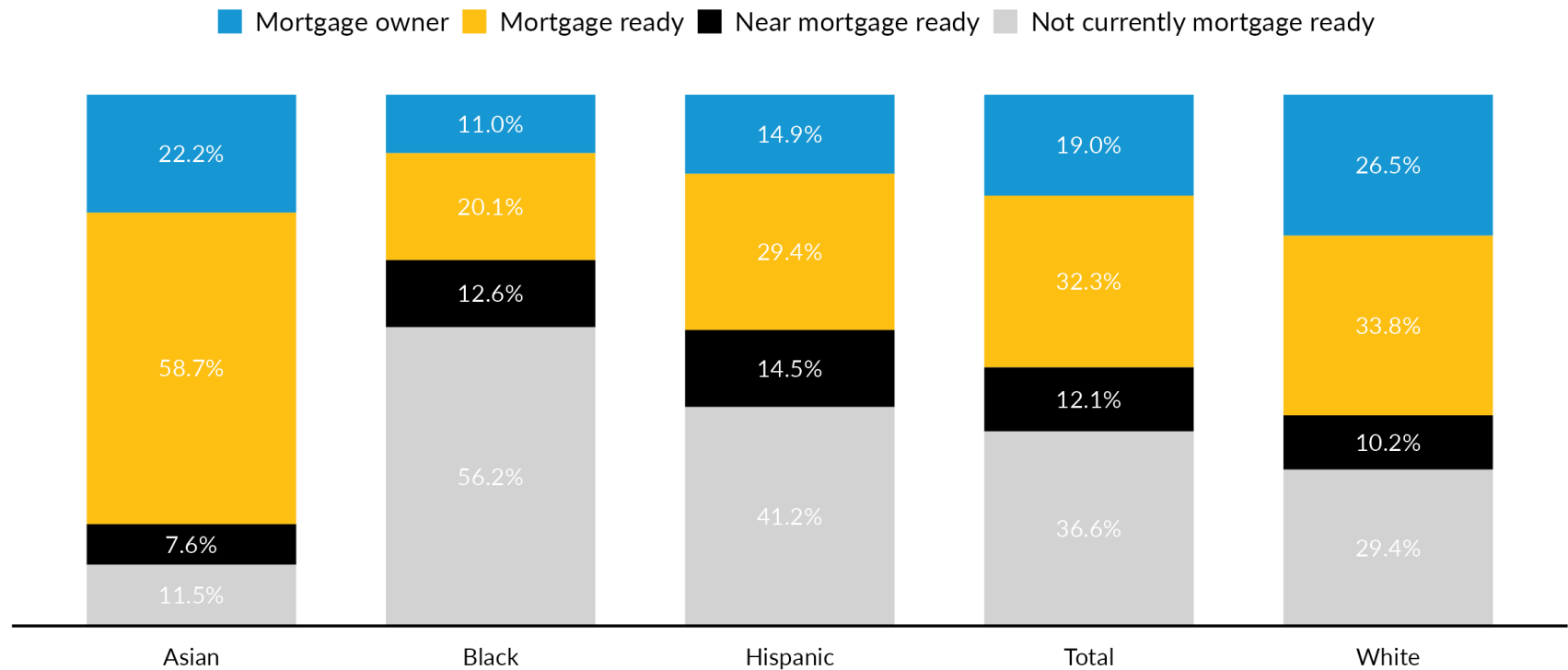
	Mortgage-Ready Share		Mortgage Affordability at 5.2% Interest			
Race or ethnicity	United States	Houston MSA	United States	Houston MSA	United States	Houston MSA
Asian	58.9%	59.6%	14.0%	38.1%	4.30	2.11
Black	22.9%	20.2%	21.0%	23.8%	3.20	2.57
Hispanic	35.1%	29.4%	11.0%	20.3%	4.40	2.64
White	37.0%	33.8%	28.0%	40.7%	2.90	2.10

Source: 2021 Freddie Mac data.

Notes: MSA = metropolitan statistical area. Data are for purchase loans only. The mortgage-ready population, calculated by Freddie Mac, includes borrowers ages 45 and younger who do not have a mortgage but have the credit characteristics to qualify for one.

Mortgage readiness

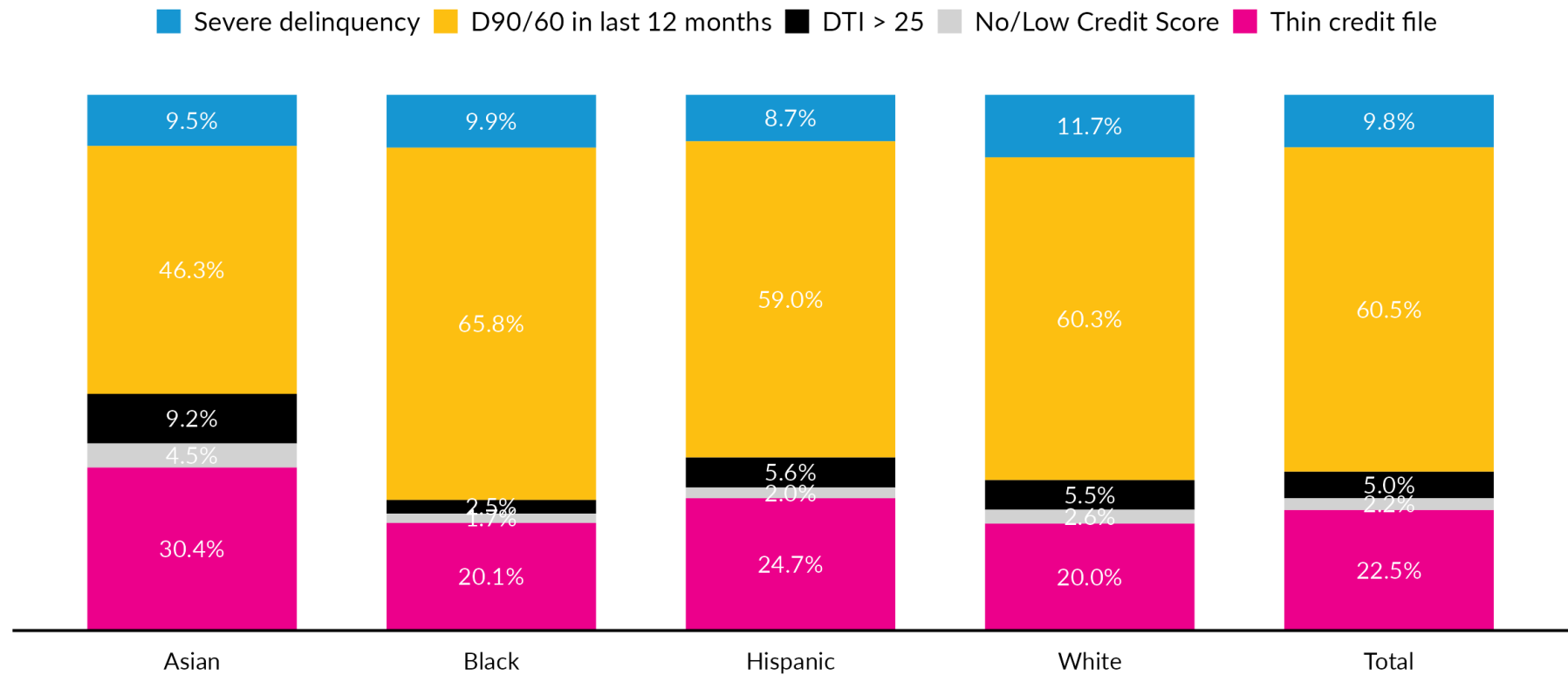
Mortgage Readiness, by Race or Ethnicity, in the Houston Metropolitan Statistical Area



Source: 2021 Freddie Mac data.
Note: The mortgage-ready population, calculated by Freddie Mac, includes borrowers ages 45 and younger who do not have a mortgage but have the credit characteristics to qualify.

Reason for “weak” credit designation

Reason for Weak Credit Designation, by Race or Ethnicity, in the Houston Metropolitan Statistical Area



Source: 2021 Freddie Mac data.
Notes: The severe delinquency category includes borrowers who are bankrupt, are in foreclosure, or have been 120 to 180 days delinquent. Thin credit file includes borrowers with zero, one, or two lines of credit.