



Keys Unlock Dreams: Washington, DC Housing Finance Policy Center

Photo by Monkey Business Images/Shutterstock

Executive Summary

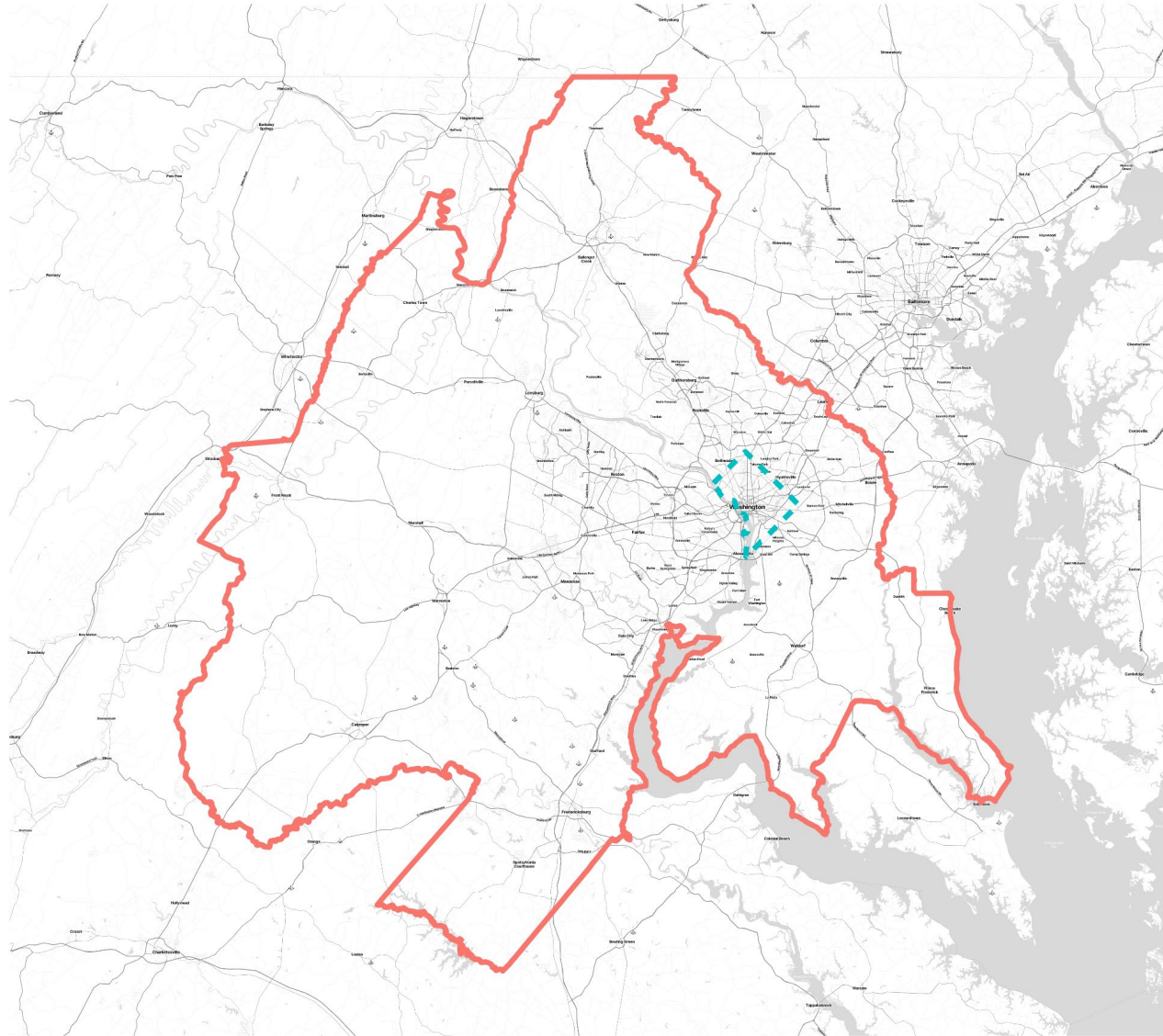
- Washington, DC's homeownership rate is **23.8 percentage points below** the US homeownership rate, while the Washington MSA (Washington–Arlington–Alexandria, DC–VA–MD–WV Metropolitan Statistical Area) homeownership rate is **1.4 percentage points** below the US homeownership rate.
- **Racial homeownership disparities persist.** Between 2019 and 2021, there has been some improvement in BIPOC homeownership nationally. While Black homeownership rates in Washington, DC, and the Washington MSA saw slight increases during this period, white homeownership gains outpaced these increases, furthering the Black-white homeownership gap in the city and MSA.
- About **59 percent** of households in the City and about **53 percent** in the MSA are nonwhite, substantially higher than the national non-white households share of 36 percent. Black households account for 41 percent of the City, but only 26 percent of the MSA.
- Home prices and income levels have recovered since the recession, **but racial disparities have persisted and are substantially wider** in Washington, DC compared to the nation.
- **Black households in the City and MSA had the highest mortgage denial rates** among all racial and ethnic groups. Compared to the nation, the denial rates are lower. In Washington, DC, the majority of BIPOC applicants are denied due to high Debt-to-Income (DTI) ratios.
- With the rise in interest rates, **purchase originations dropped significantly in the MSA but not in the City.** In the MSA, purchase originations dropped 23.7 percent, from 87,876 to 67,007 between 2021 and 2022. Nationally, purchase originations declined by 19.2 percent during the same period. Contrary to national trends, Washington, DC's purchase originations increased by 21.3 percentage points, from 3,755 to 4,555 between 2021 and 2022.
- DTI and LTV ratios on the average purchase mortgage in the City of DC are skewed much lower than the nation as a whole, leading to **more conventional mortgages and fewer FHA and VA mortgages**, despite a higher share of nonwhite households who typically use FHA/VA loans.
- In 2023, there are about **918,200** mortgage-ready borrowers, including **164,980** Black borrowers and **189,541** Latino borrowers in the Washington MSA. However, assuming a 6.9 percent interest rate, **less than 4.5 and 2.7 percent of mortgage-ready Black and Latino consumers can afford a home** in the Washington MSA.

About DC

- City of Washington, DC
 - Population: 670,050
 - Households: 319,565

- Washington MSA
 - Population: 6,358,652
 - Households: 2,384,977

Map of DC



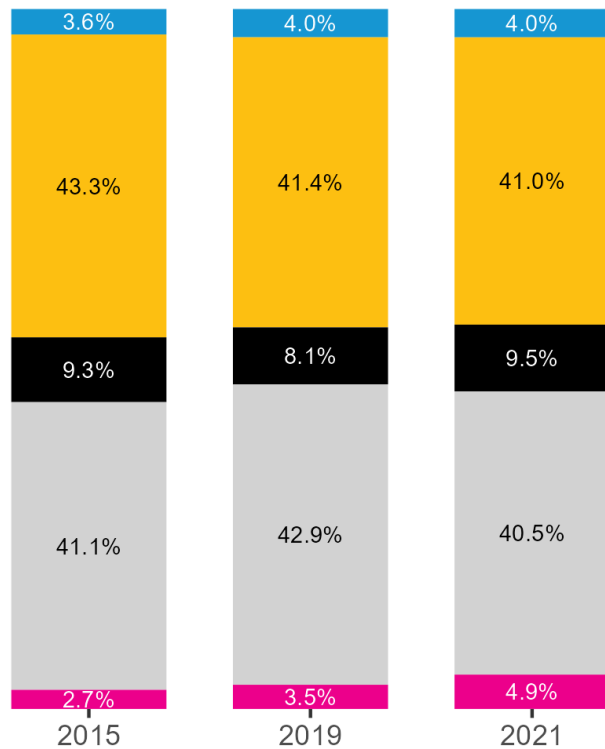
■ Washington MSA
■ Washington, DC

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

Racial Composition, Homeownership Rate, Median House Value: Washington, DC

Washington, DC Racial Composition

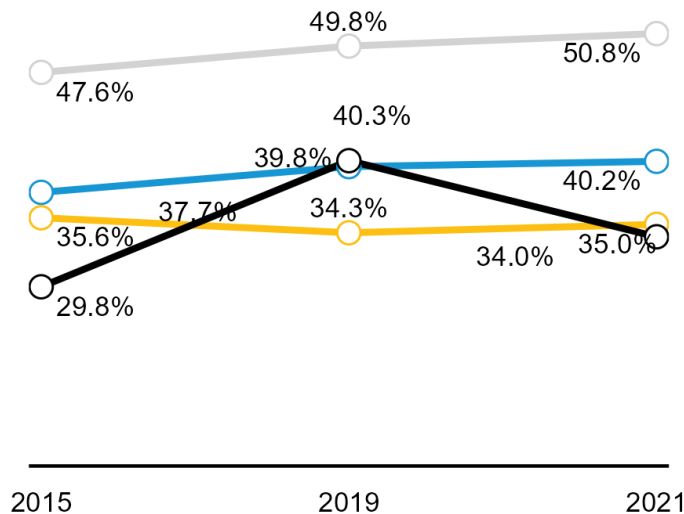
Asian Black Latino White Other



Source: American Community Survey.
Note: Shares are calculated at the household level.

Homeownership Rates (Washington, DC, %)

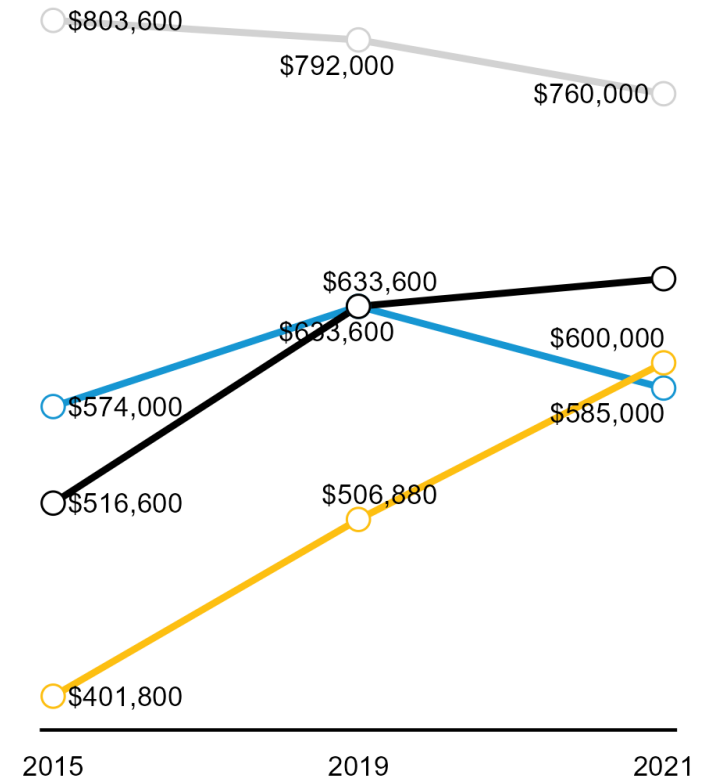
Asian Black Latino White



Source: American Community Survey.

Median House Value (Washington, DC, \$)

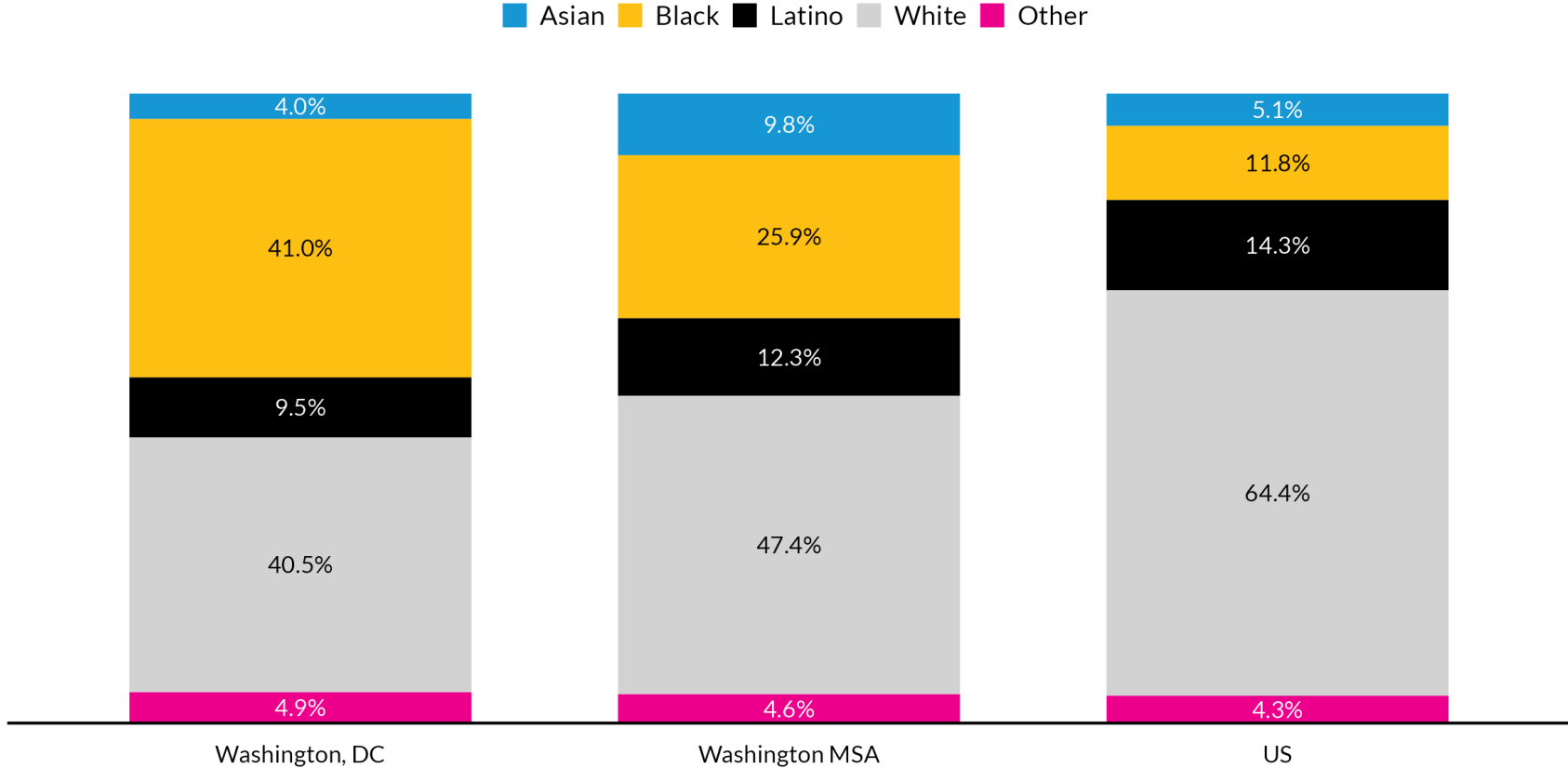
Asian Black Latino White



Source: American Community Survey.

Racial Distribution: Household Level

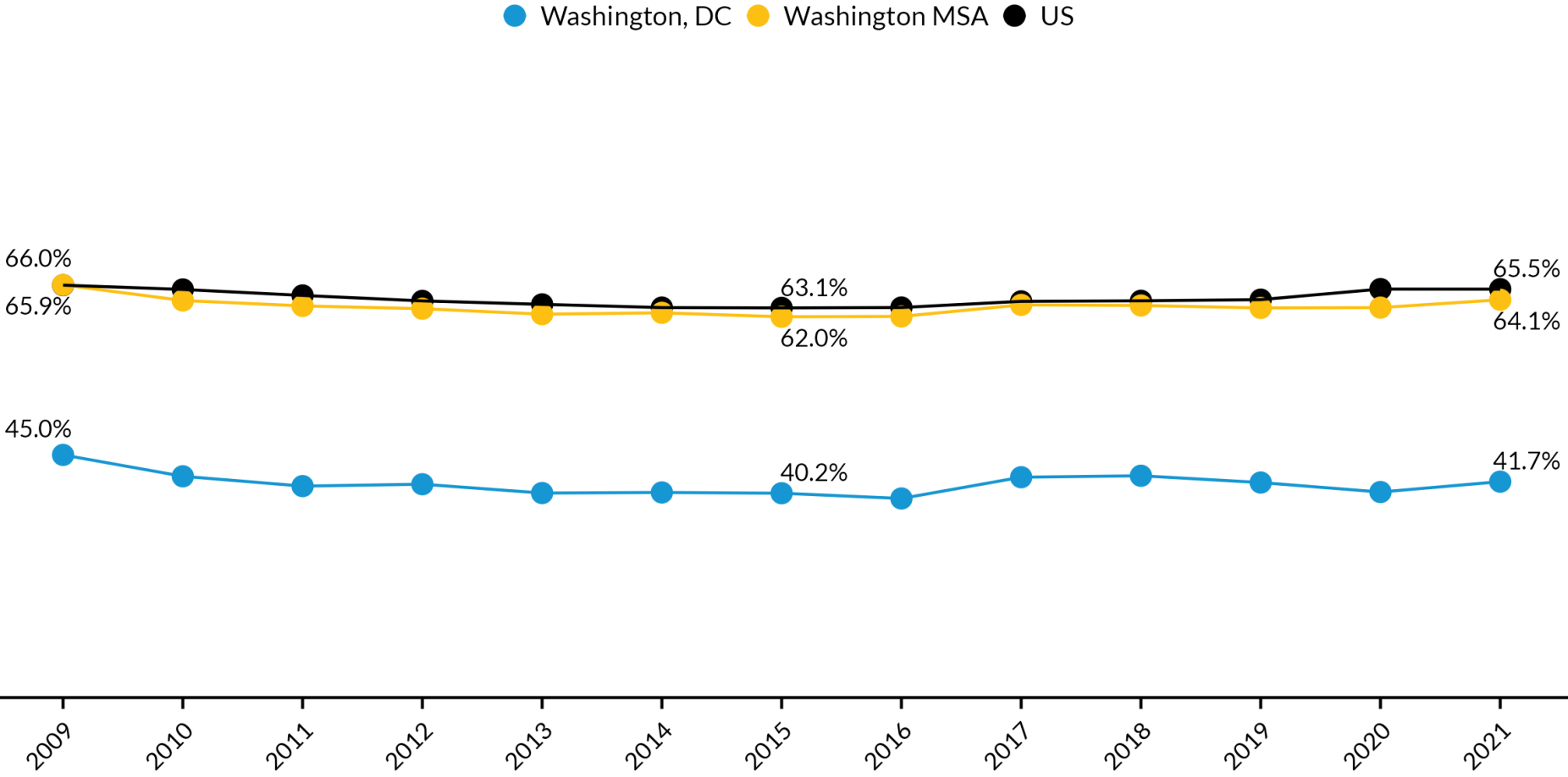
Racial and Ethnic Composition Comparison



Source: 2021 American Community Survey.
Note: Shares are calculated at the household level.

Homeownership Rate

Homeownership Rate Comparison

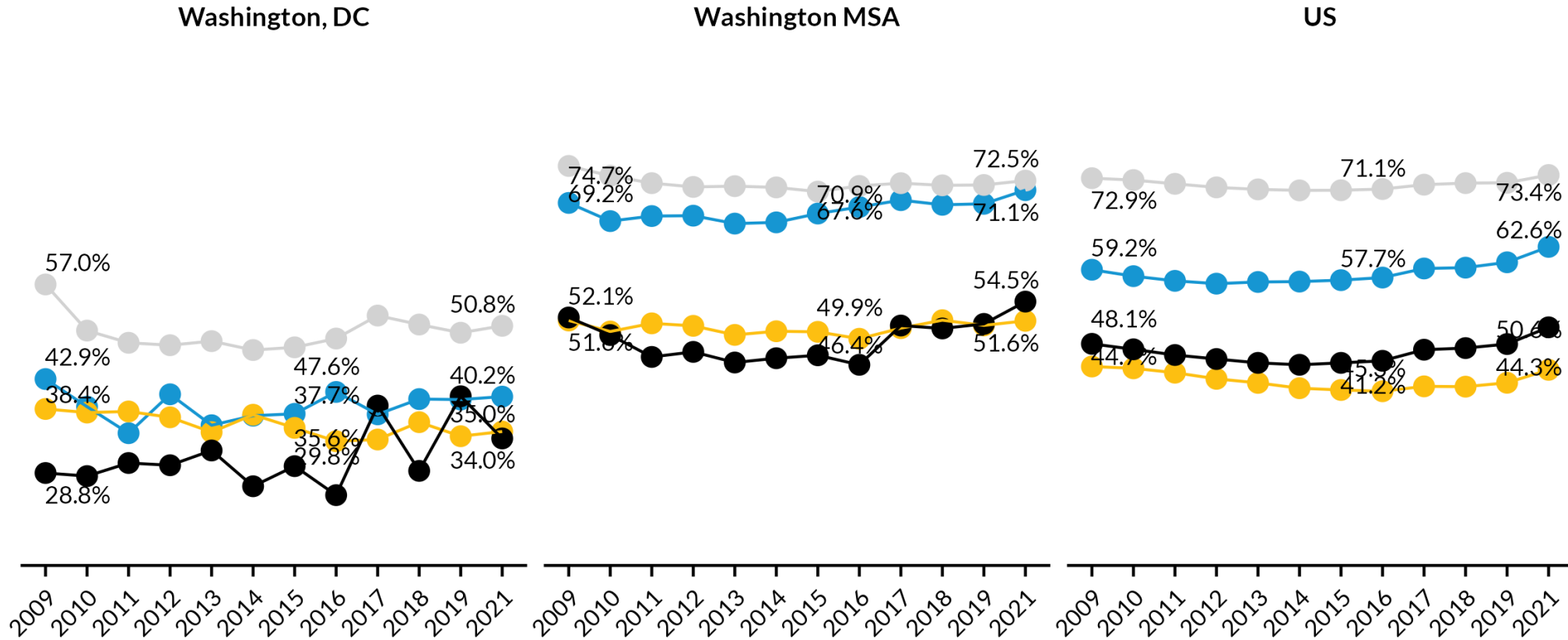


Source: 2021 American Community Survey.
Notes: Results for 2020 may be unreliable due to undersampling.

Homeownership Rate

Homeownership Rates, by Race or Ethnicity

● Asian ● Black ● Latino ● White



Source: American Community Survey.
 Notes: Results for 2020 left out because of unreliability due to undersampling.

Homeownership Goals

- # of Owner and Renter HHs in the City of Washington DC by Race and Ethnicity

	Asian	Black	Latino	White	Other	Total
Owner HHs	5,652	44,003	13,817	64,517	6,131	134,120
Renter HHs	8,813	85,269	17,724	71,343	9,701	192,850
Total HHs	14,465	129,272	31,541	135,860	15,832	326,970

Source: 2022 American Community Survey

- Homeownership Rate Comparison: City of Washington DC vs. US

	Asian	Black	Latino	White	Other	Total
Washington	39.1%	34.0%	43.8%	47.5%	38.7%	41.0%
US	63.3%	44.1%	51.1%	73.0%	58.2%	65.2%

Source: 2022 American Community Survey

Homeownership Goals (Cont.)

- # Homeowners Needed to be Added in the City of Washington DC to Reach US Numbers for Each Race and Ethnicity

Asian	Black	Latino	White	Other
3,500	13,004	2,285	34,628	3,091

Source: 2022 American Community Survey

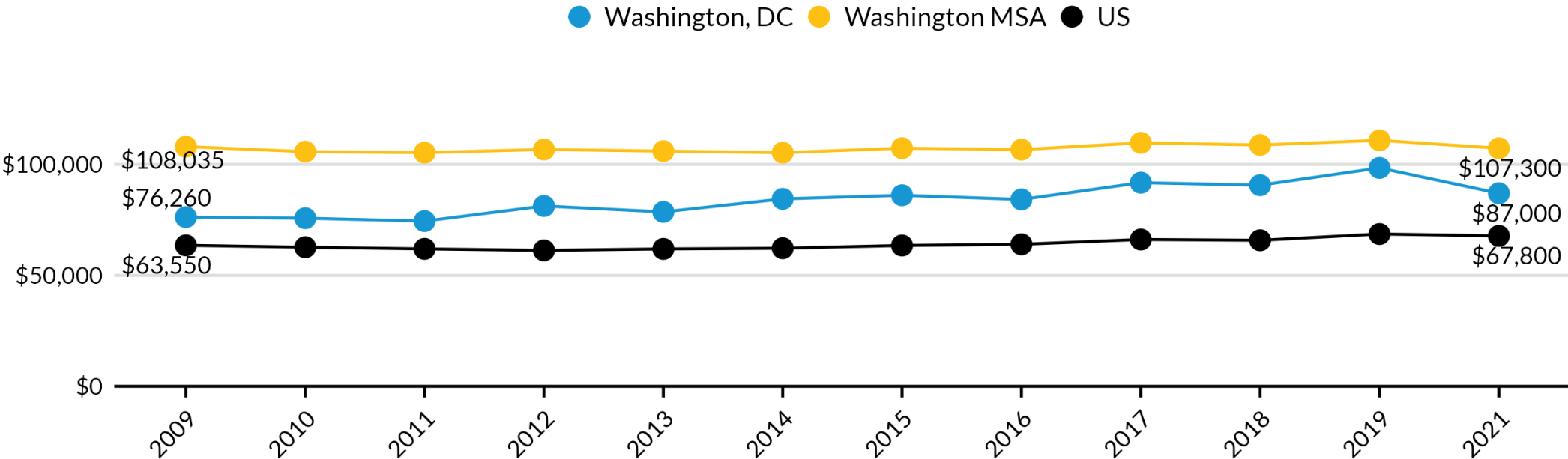
- # of Homeowners Needed to be Added For Each Race and Ethnic Group to Reach the White Homeownership Rate in the City of Washington DC

Asian	Black	Latino	Other
1,217	17,386	1,161	1,387

Source: 2022 American Community Survey

Household Income

Median Household Income Comparison

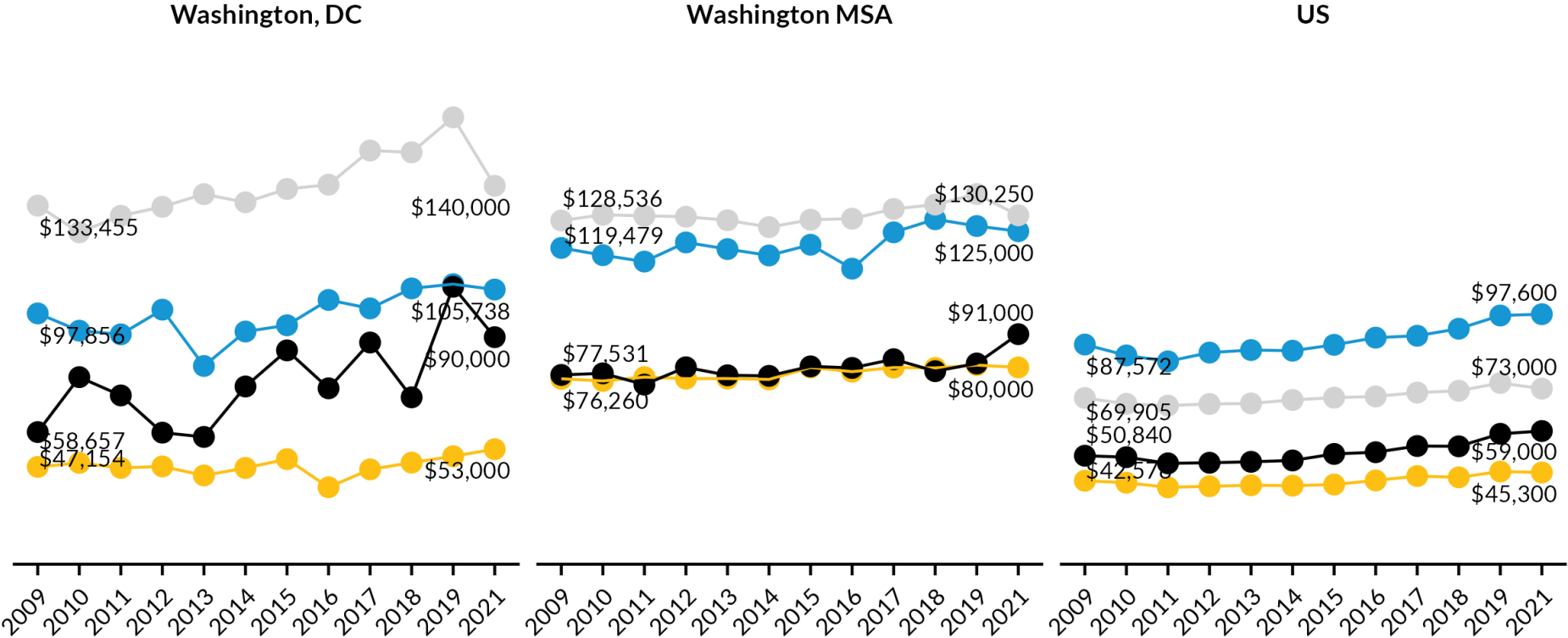


Source: American Community Survey.
Notes: Values are in 2021 inflation-adjusted dollars. Results for 2020 left out because of unreliability due to undersampling.

Household Income

Median Household Income, by Race or Ethnicity

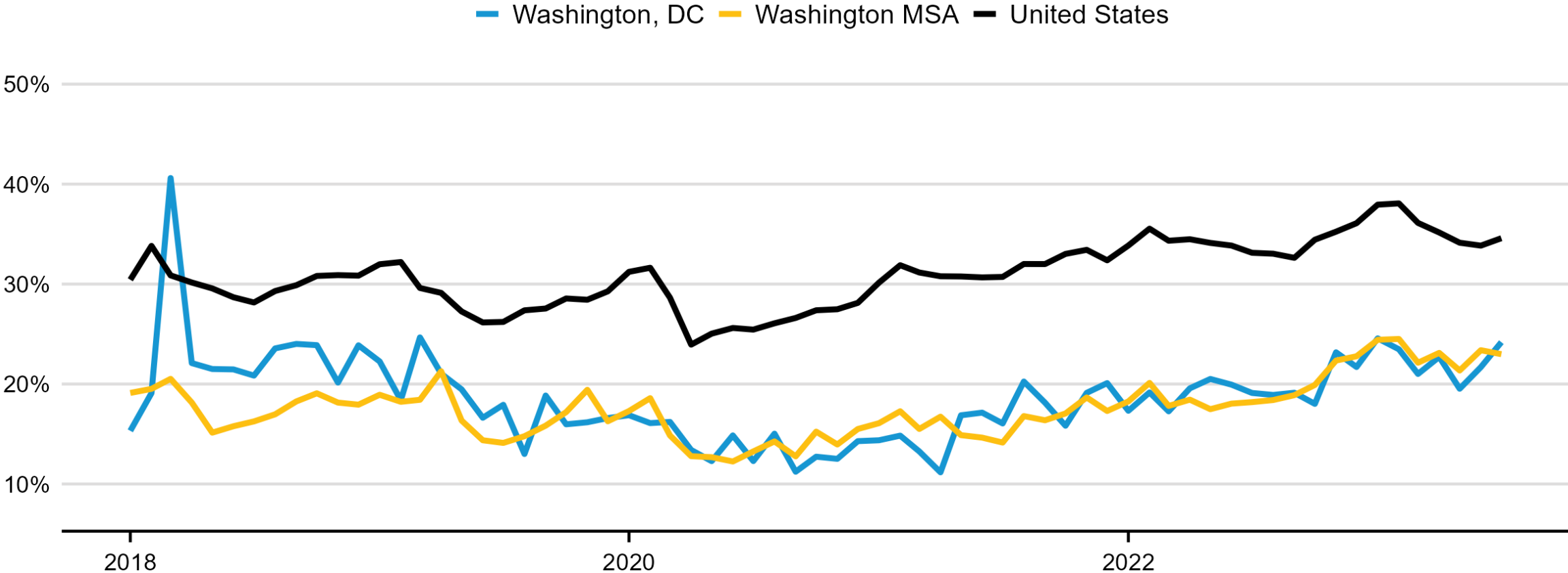
Asian Black Latino White



Source: American Community Survey.
 Notes: Values are in 2021 inflation-adjusted dollars. Results for 2020 left out because of unreliability due to undersampling.

Cash Buyer Share

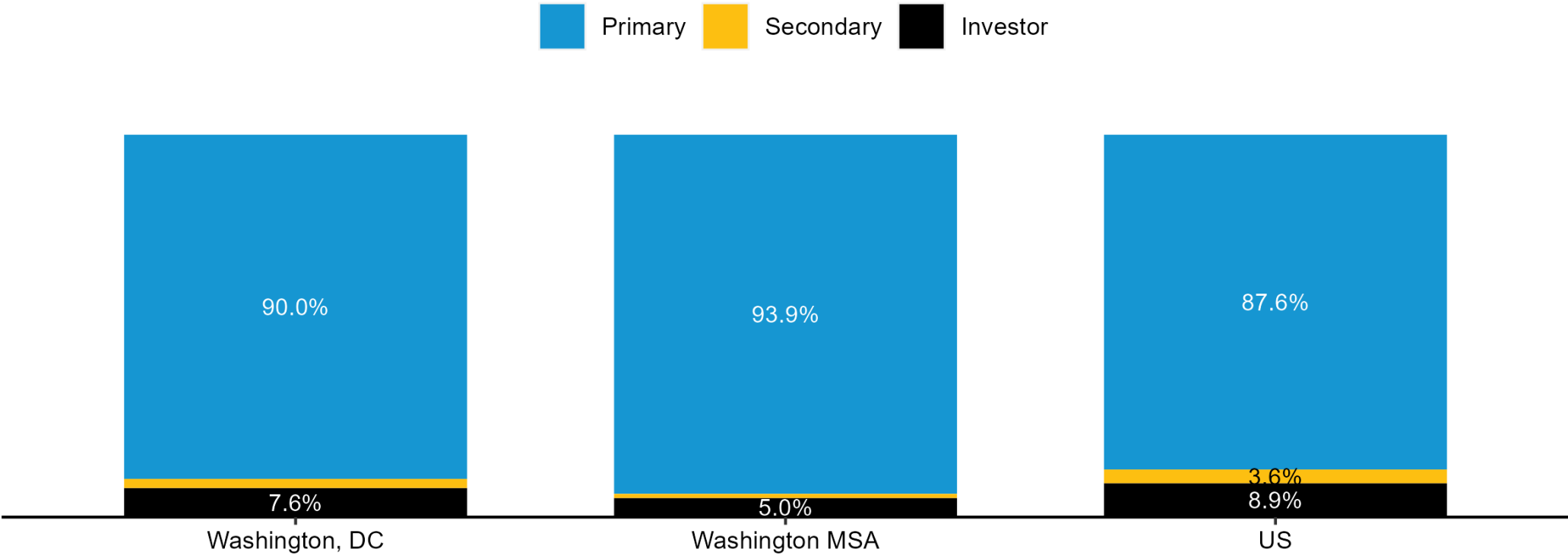
Cash Buyer Share Comparison



Source: Realtor.com

Investor Share

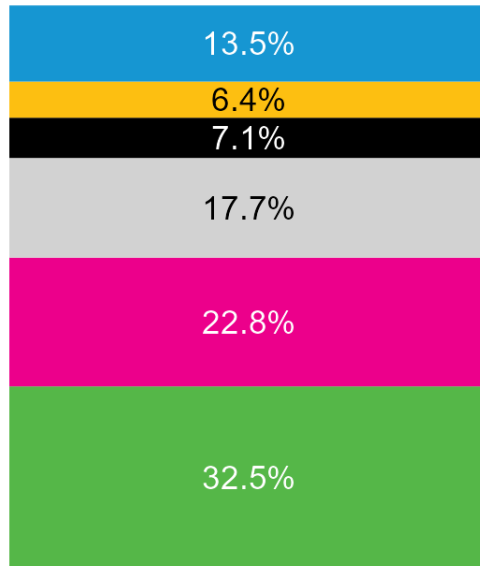
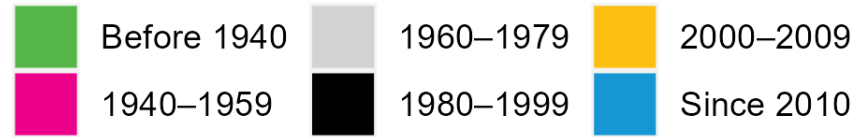
Distribution of Mortgages by Occupancy Type



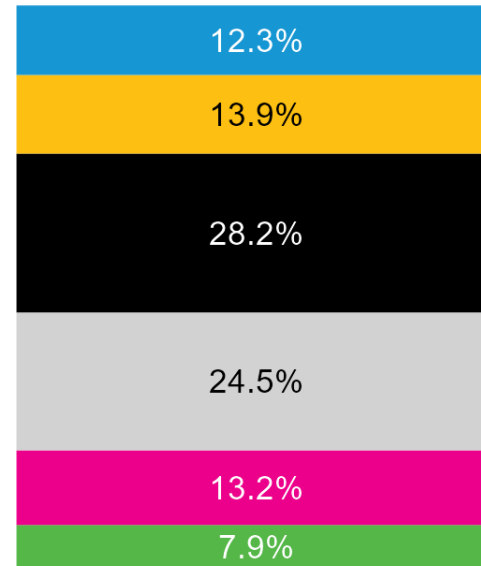
Source: 2022 Home Mortgage Disclosure Act data.
Notes: MSA = metropolitan statistical area. All-cash investors are not included in the data.

Age of Housing

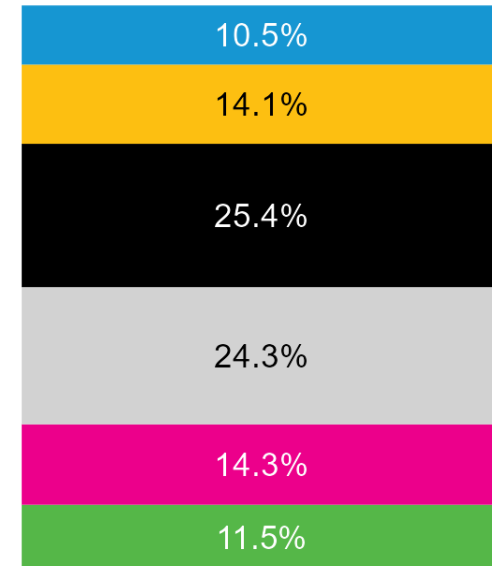
Year Built Comparison



Washington, DC



Washington MSA



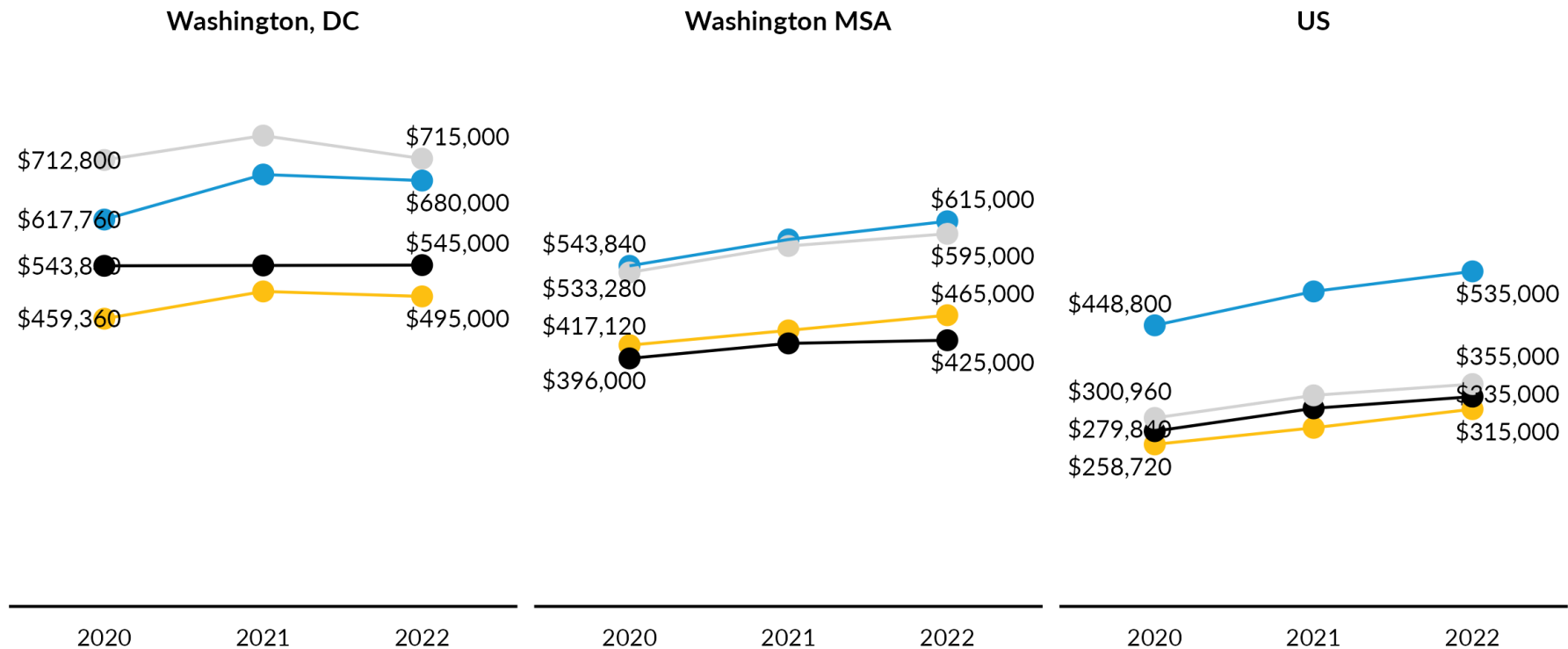
US

Source: 2021 American Community Survey.

Property Value by Race/Ethnicity

Median Property Values for New Purchases, by Race or Ethnicity

● Asian ● Black ● Latino ● White



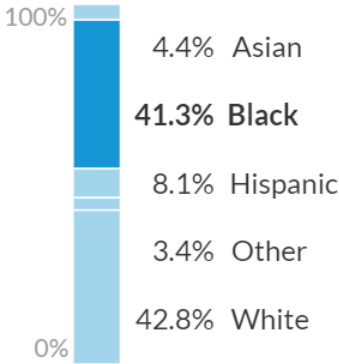
Source: 2020-2022 Home Mortgage Disclosure Act data.
 Notes: MSA = metropolitan statistical area. Values are in 2021 inflation-adjusted dollars. Original, unadjusted reported values rounded to the midpoint of the nearest \$10,000 interval.

Property Value by Race/Ethnicity

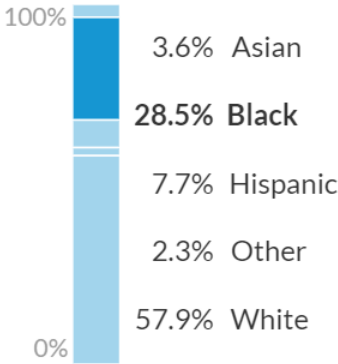
SHOW ME Black households IN Washington, DC

COMPARED WITH Search for a city

Distribution of household population



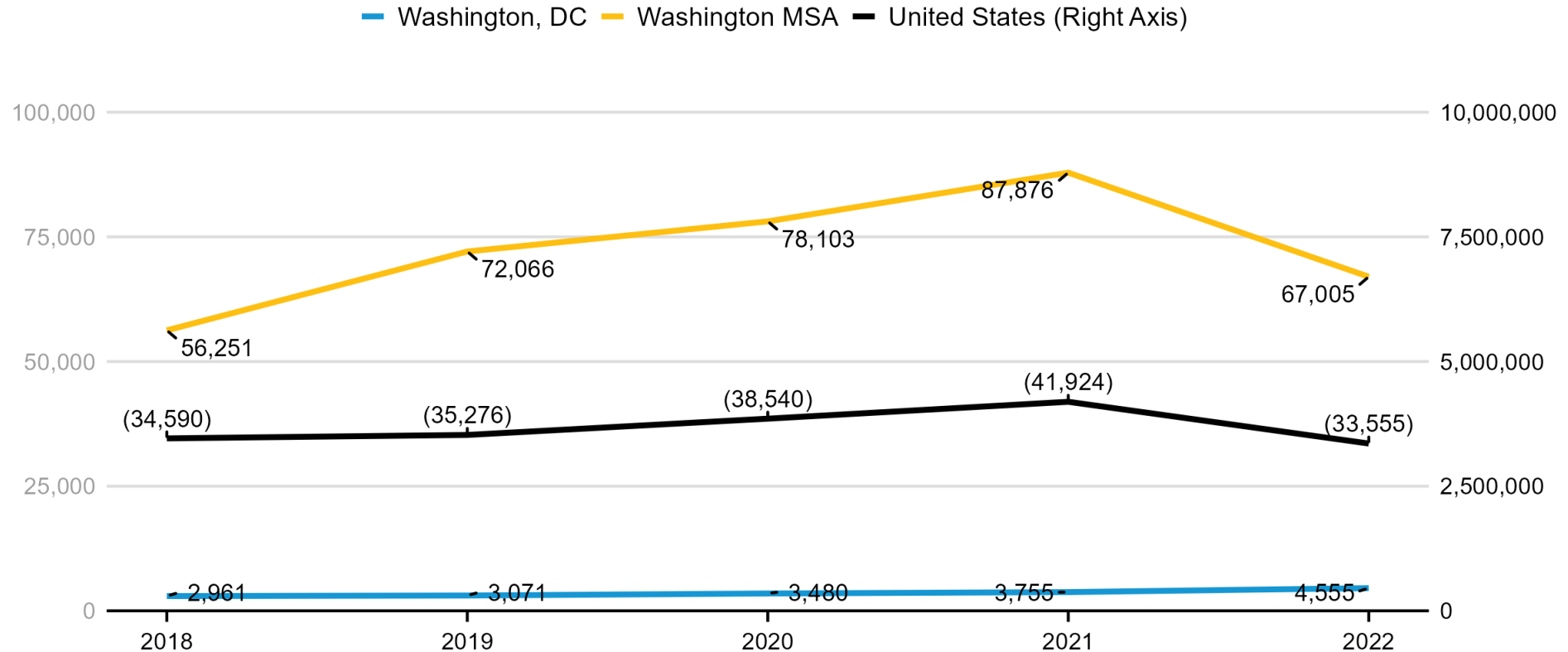
Distribution of primary-residence wealth



In Washington, DC, Black households make up 41.3 percent of the city's total households but own 28.5 percent of the housing wealth.

Purchase originations, 2018-2022

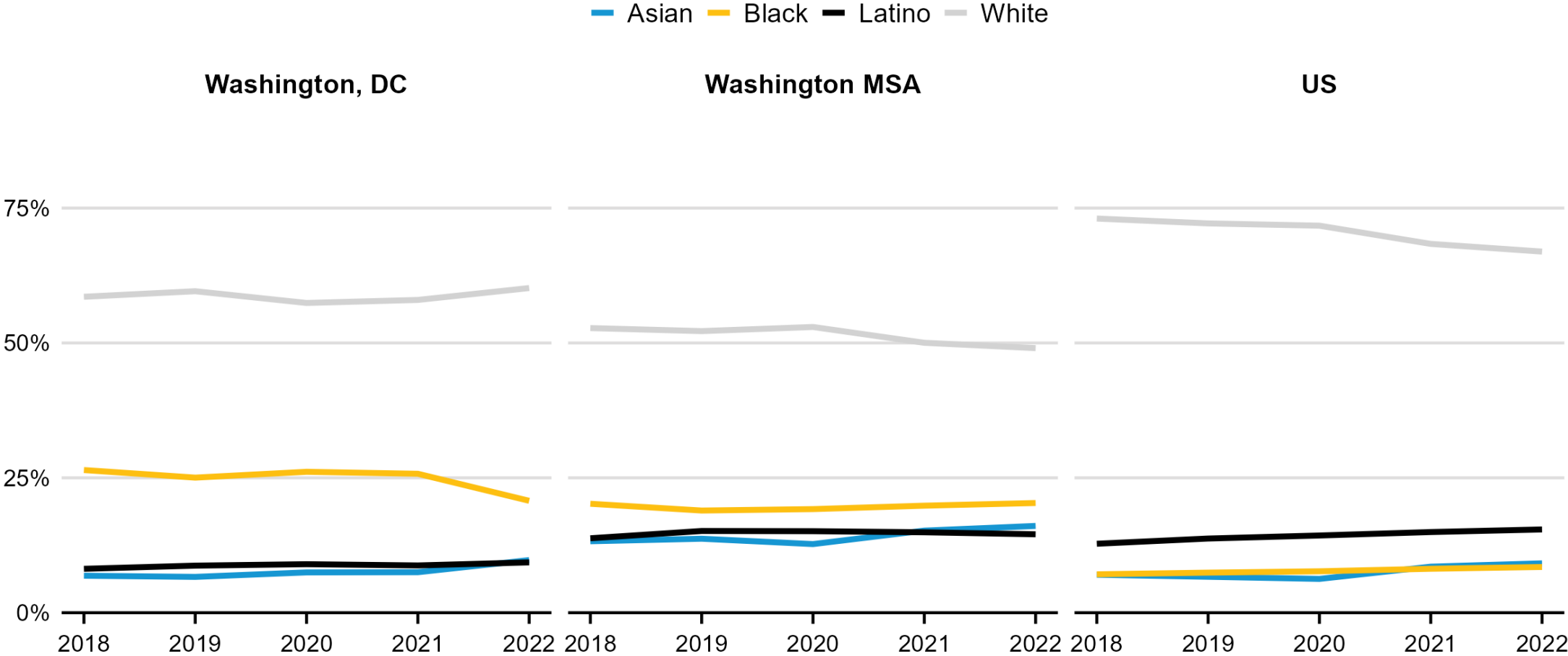
Purchase mortgage originations (count)



Source: Home Mortgage Disclosure Act.
Notes: Counts include purchase loans only. Bracketed numbers are in thousands.

Purchase originations by race/ethnicity, 2018-2022

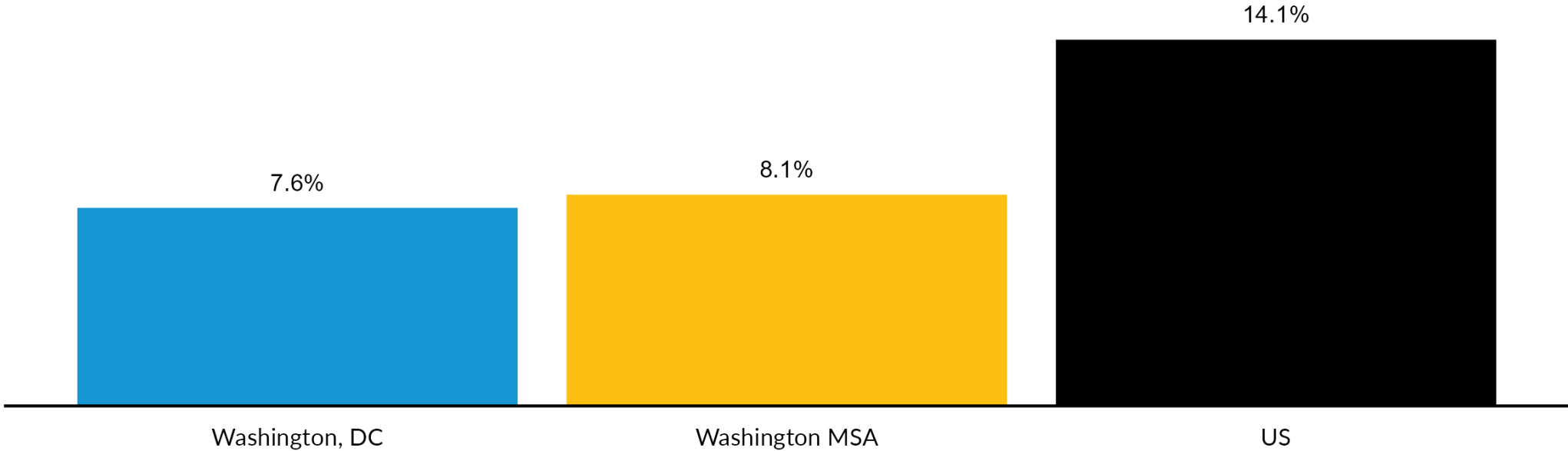
Purchase mortgage origination share, by race/ethnicity



Source: Home Mortgage Disclosure Act.
 Notes: Share based on count of purchase loans only.

Denial Rates: Purchase Mortgages

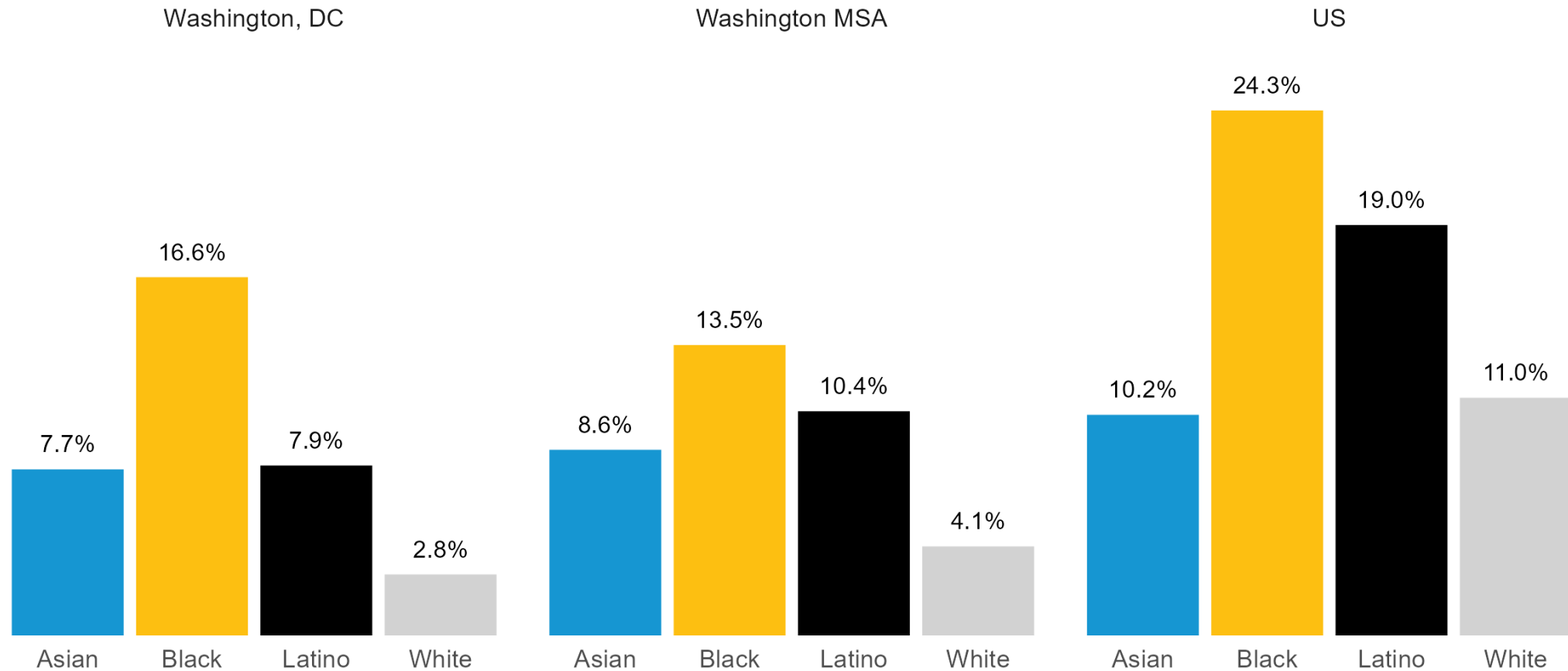
Denial Rate Comparison



Source: 2022 Home Mortgage Disclosure Act data.
Notes: Data are for purchase loans only.

Denial Rates: Purchase Mortgages

Denial Rates, by Race or Ethnicity



Source: 2022 Home Mortgage Disclosure Act data.

Notes: Data are for purchase loans only.

Reason for Denial: By Race and Ethnicity

Reason for Denial

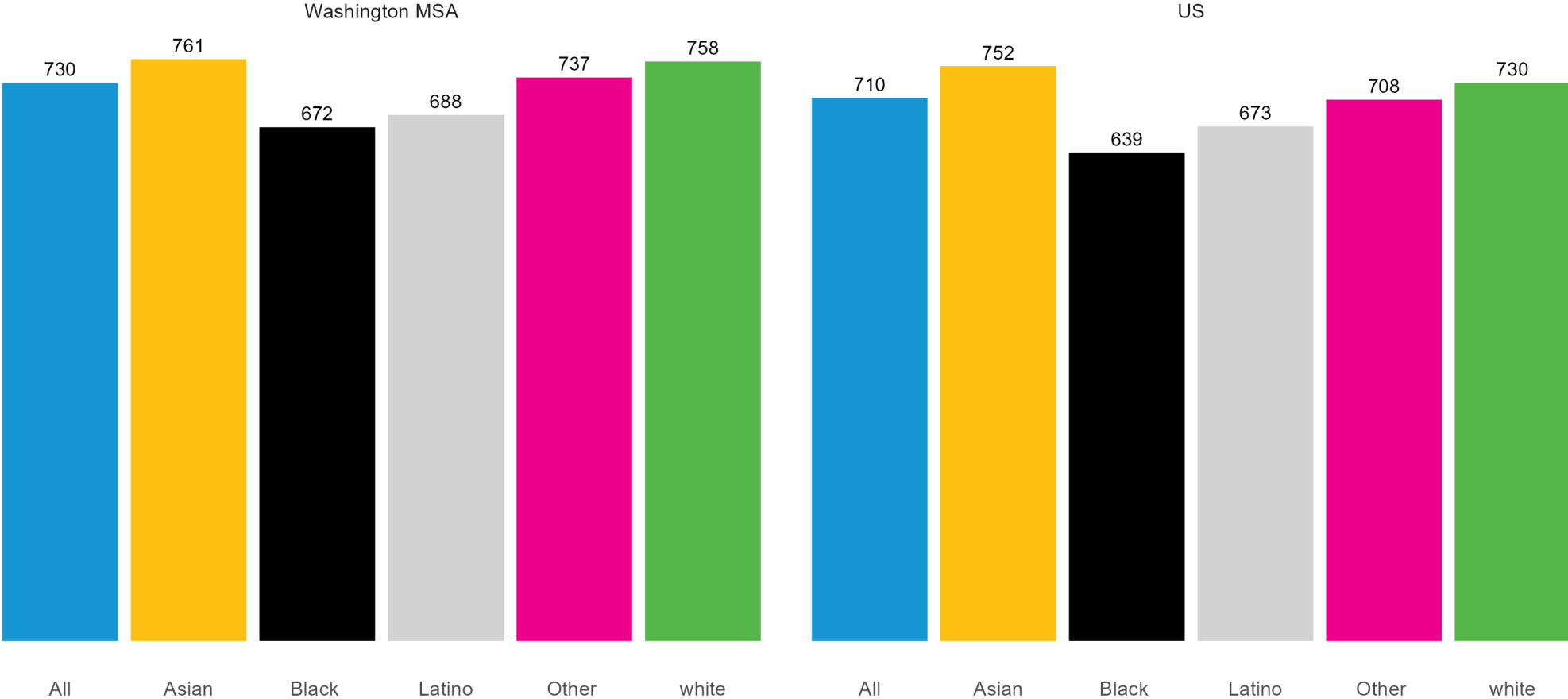
	Washington, DC				Washington MSA				US			
	Asian	Black	Latino	White	Asian	Black	Latino	White	Asian	Black	Latino	White
DTI ratio	31.6%	32.5%	32.4%	19.8%	45.6%	40.4%	36.6%	34.9%	39.8%	34.8%	37.8%	31.6%
Credit history	7.9%	9.8%	13.5%	3.7%	5.7%	16.1%	14.3%	11.2%	6.9%	29.3%	20.8%	24.4%
Collateral	31.6%	17.5%	18.9%	37.0%	9.7%	11.6%	13.6%	15.5%	12.5%	8.5%	11.5%	13.5%
Credit Application Incomplete	13.2%	10.8%	10.8%	11.1%	10.7%	7.8%	8.7%	11.0%	13.0%	7.3%	7.9%	9.1%

Source: 2022 Home Mortgage Disclosure Act data.

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

Credit Score

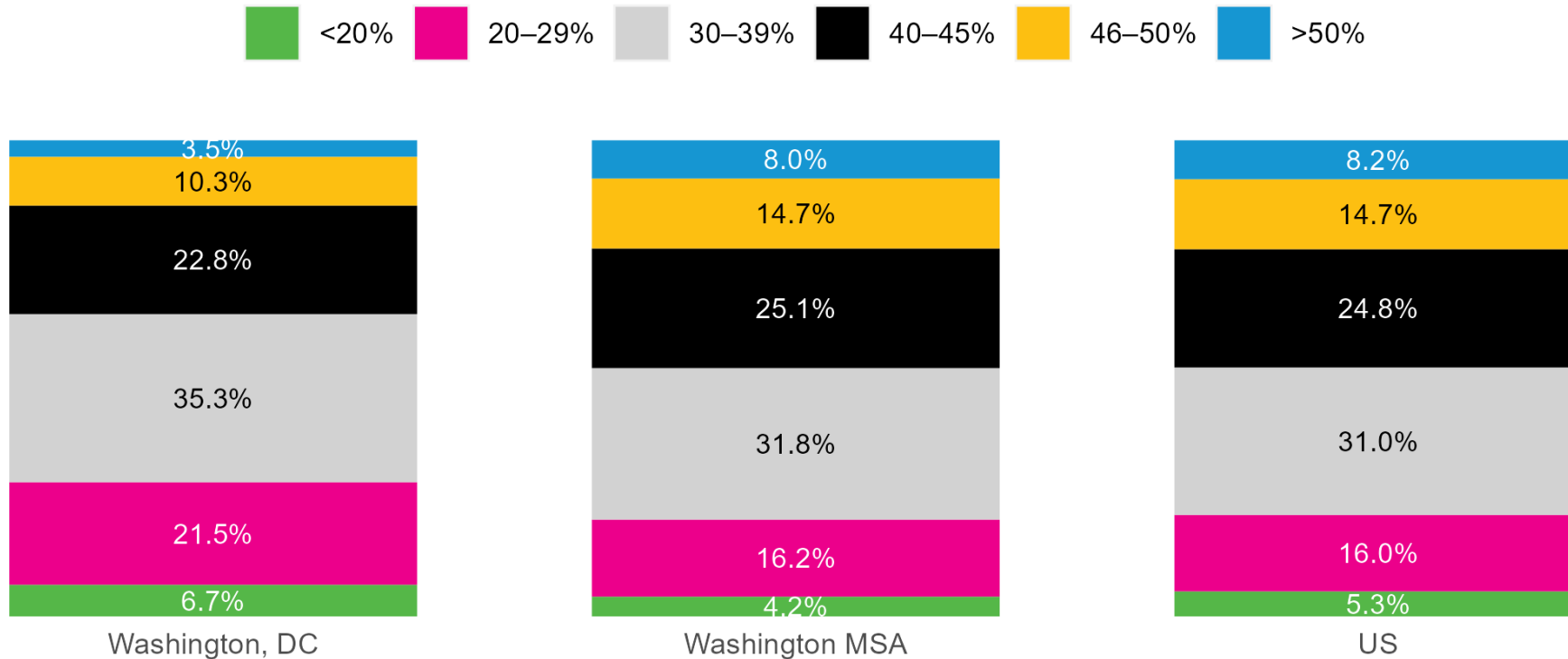
Median Vantage score, by Race or Ethnicity



Source: Freddie Mac calculations using anonymized credit bureau data for Sep 2021.
Notes: Missing values, DTI ratio equal to 0 and Credit Score lower than 350 are excluded.

DTI Ratio

DTI Ratio Distribution Comparison

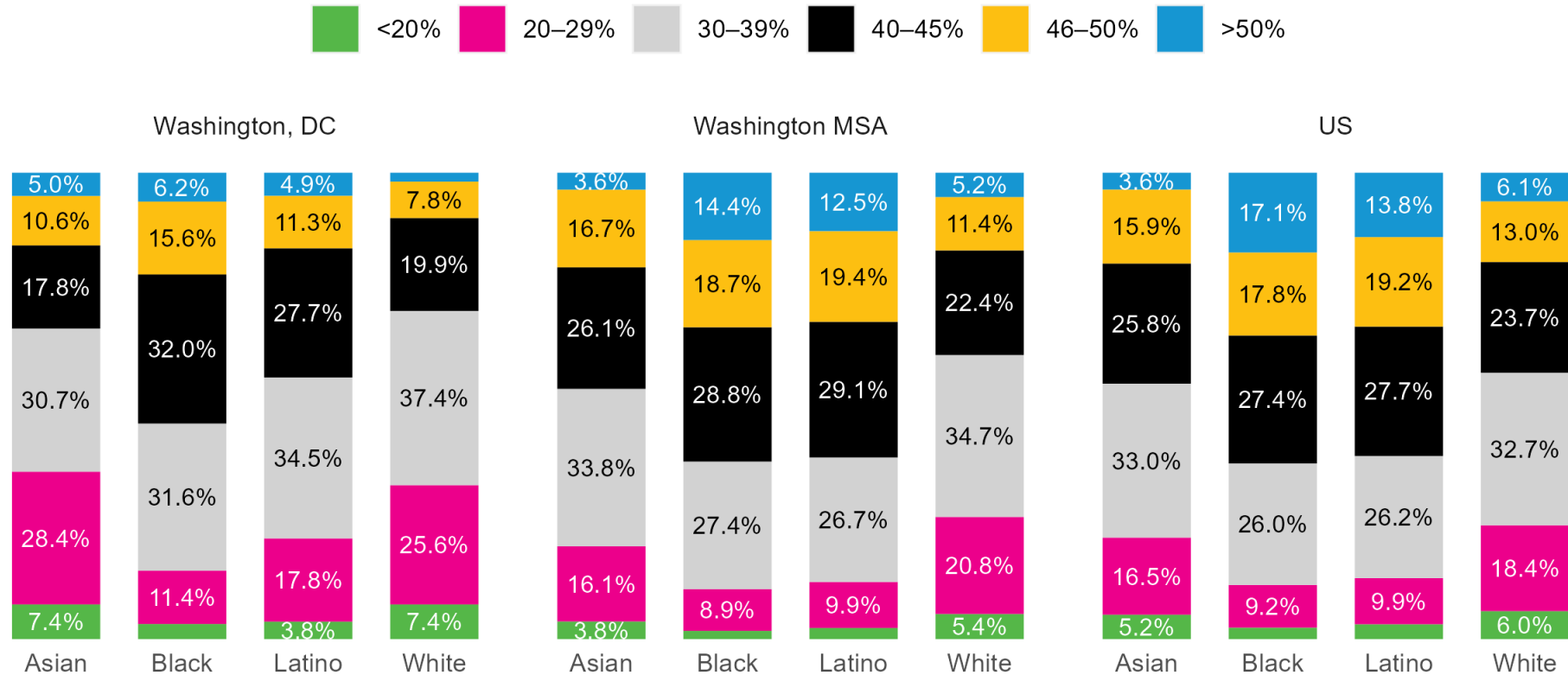


Source: 2022 Home Mortgage Disclosure Act data.

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

DTI Ratio

DTI Ratio Distribution, by Race or Ethnicity



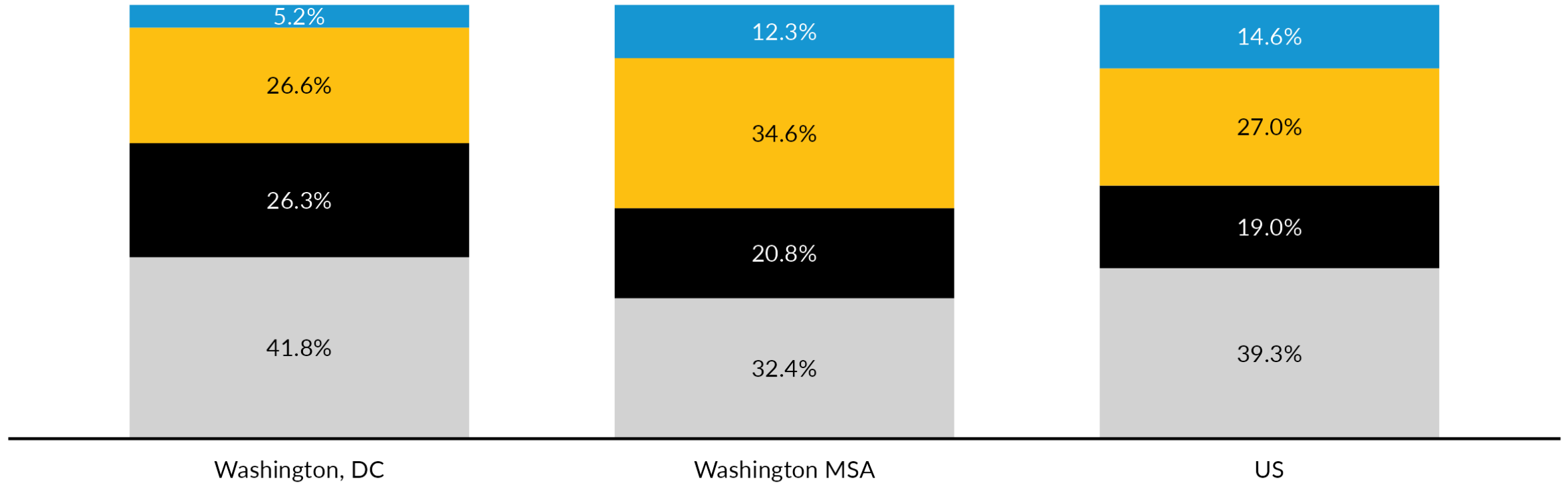
Source: 2022 Home Mortgage Disclosure Act data.

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

LTV Ratio

LTV Ratio Distribution Comparison

■ <80% ■ 80-89% ■ 90-99% ■ >=100%

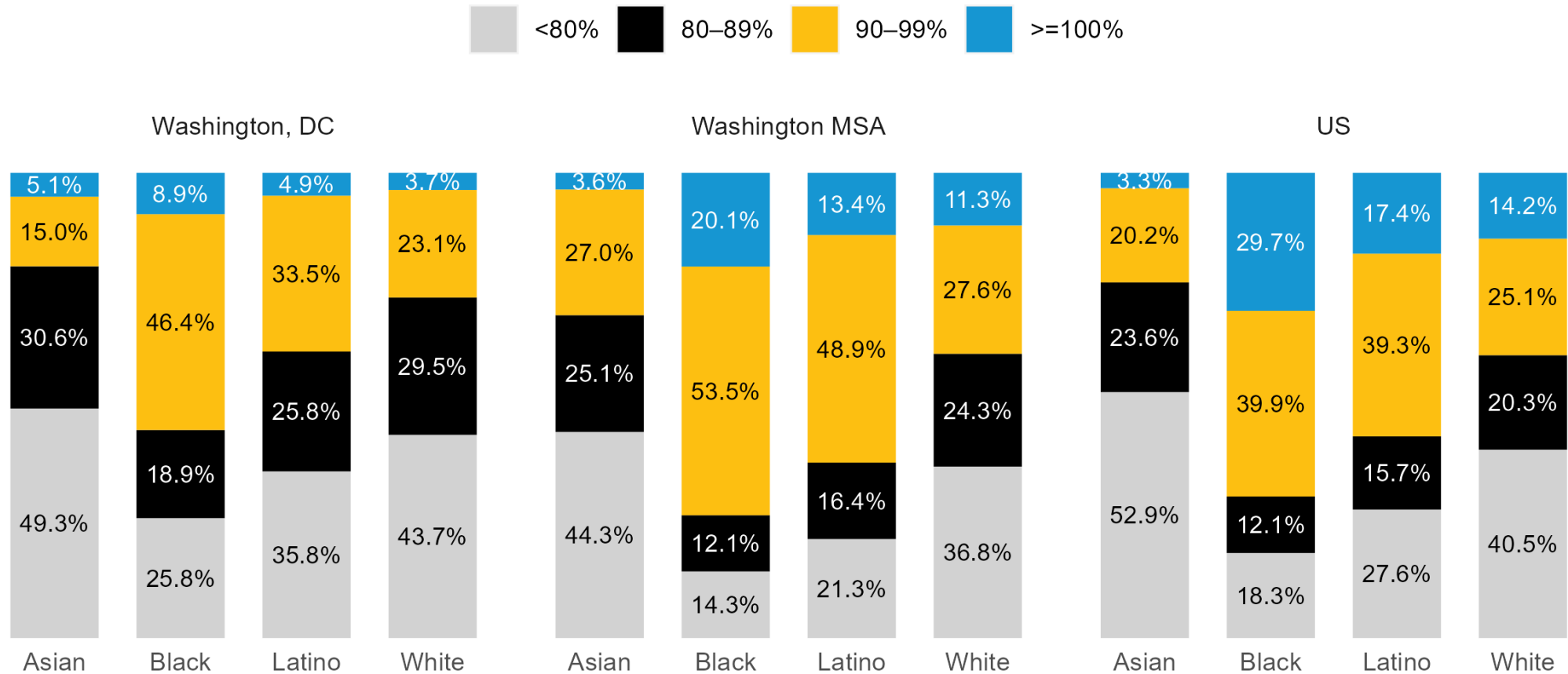


Source: 2022 Home Mortgage Disclosure Act data.

Notes: LTV = loan-to-value. Data are for purchase loans only. Property value and loan amount data are rounded to the midpoint of the nearest \$10,000.

LTV Ratio

LTV Ratio Distribution, by Race or Ethnicity

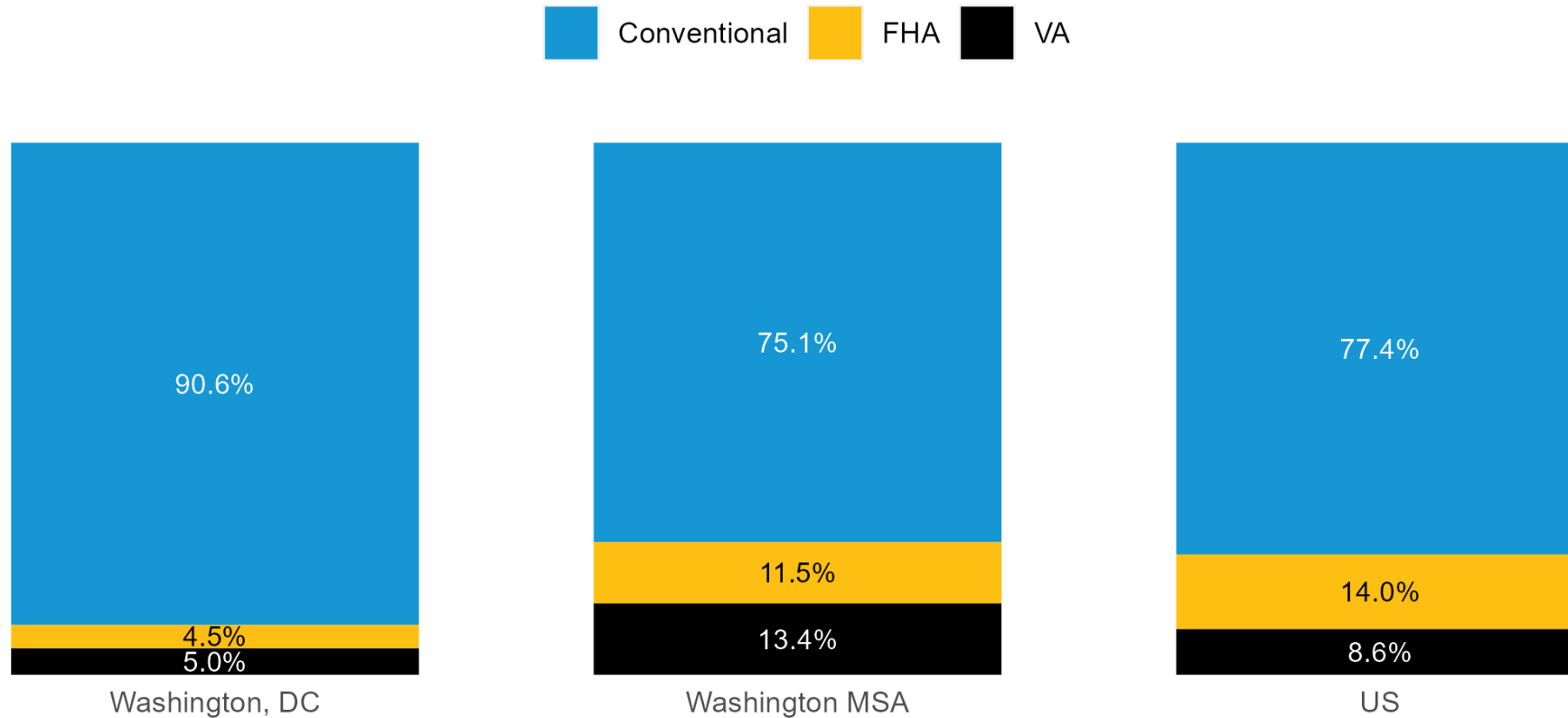


Source: 2022 Home Mortgage Disclosure Act data.

Notes: LTV = loan-to-value; MSA = metropolitan statistical area. Data are for purchase loans only.

Loan Channel

Loan Channel Comparison

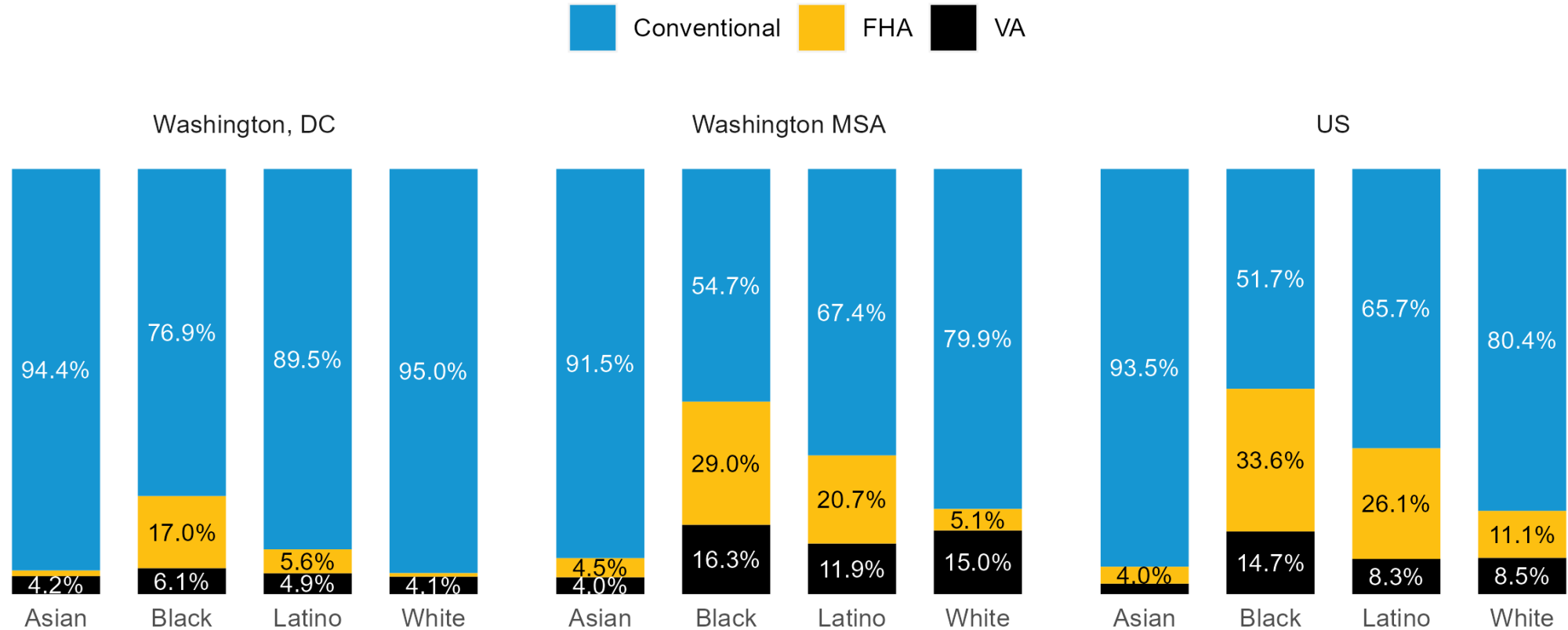


Source: 2022 Home Mortgage Disclosure Act data.

Notes: FHA = Federal Housing Administration; MSA = metropolitan statistical area; VA = US Department of Veterans Affairs. Data are for purchases.

Loan Channel

Loan Channel, by Race or Ethnicity



Source: 2022 Home Mortgage Disclosure Act data.

Notes: FHA = Federal Housing Administration; MSA = metropolitan statistical area; VA = US Department of Veterans Affairs. Data are for purchases.

Mortgage readiness (Age 45 or Younger)

Mortgage-Ready Count, by Race or Ethnicity

	Asian	Black	Latino	White	Other	Total
Washington DC MSA	148,760	164,980	189,541	388,072	26,867	918,220
United States	4,435,800	3,145,466	7,905,077	20,889,558	637,065	37,012,966

Source: 2023 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. Note that given the significant changes in the housing market at this time, Freddie Mac is reevaluating their market data reports and tools to ensure they appropriately reflect the current market conditions.

Mortgage Readiness, by Race or Ethnicity

Race or ethnicity	Mortgage-Ready Share		Mortgage Affordability at 6.9% Interest		Years to Save a 3% Down Payment	
	United States	Washington DC MSA	United States	Washington DC MSA	United States	Washington DC MSA
Asian	53.1%	52.9%	11.0%	7.0%	4.0	3.9
Black	21.3%	29.9%	12.8%	4.5%	3.1	4.4
Latino	33.0%	38.4%	7.3%	2.7%	4.2	5.0
White	34.8%	44.0%	20.8%	12.0%	2.8	3.5
Total	34.1%	40.5%	15.9%	7.8%	3.2	4.1

Source: 2023 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 affordability is calculated using the 5.2 percent interest rate. Note that given the significant changes in the housing market at this time, Freddie Mac is reevaluating their market data reports and tools to ensure they appropriately reflect the current market conditions.