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HOUSING AFFORDABILITY FOR HOUSEHOLDS OF COLOR IN MASSACHUSETTS
This is a summary of the report
*Housing Affordability for Households of Color in Massachusetts.*

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The report *Housing Affordability for Households of Color in Massachusetts*, written by Michael Stone, examines the housing affordability situations of Latino, Black, and Asian American-headed households in Massachusetts. Using U.S. Census figures for 1990 and 2000 to identify trends, the report utilizes the author’s measuring-stick of “shelter poverty” to examine separately the problems facing renters and homeowners. It shows that households of color in both of these categories face serious problems of affordability. The study was undertaken on behalf of the Mauricio Gastón Institute, the Institute for Asian American Studies, and the William Monroe Trotter Institute at the University of Massachusetts Boston.

Housing is not only a basic necessity of life, it has profound and pervasive impacts on many aspects of our lives. It is the principal setting of personal, family, and community life. Its location determines our access to schools, jobs, stores, services. Its cost is the largest element of most families’ budgets, influencing not only the kind of housing we get and where it is, but also how much we have left for other necessities. Our homes are symbolic and expressive of who we are, how we perceive ourselves, and how we are perceived.

While housing is deeply significant for all of us, in our society it tends to pose particular challenges to many, if not most, people of color. For one thing, households of color continue to have considerably lower incomes, on average, than White-headed households. For another, housing discrimination remains disturbingly widespread even though formally and legally proscribed (for Massachusetts see Campen 2004; Fair Housing Center 2001; Harris and McArdle 2004; Jackson 2004; Logan, Oakley, and Stowell 2003; Massachusetts Community and Banking Council 2004; McArdle 2003).

Restricted housing opportunities for people of color have consequences for educational opportunity and thus, ultimately, for employment opportunity, hence for income and, in turn, for housing opportunity – in a cumulative causal cycle (see, e.g., Denton 2006; Galster and Keeney 1988; Massey and Denton 1993; Yinger 1995). As Massachusetts households headed by a person of color grow in number and as a share of all households, it becomes ever more important to document and understand their housing circumstances.
What Is Shelter Poverty?

There are two ways of measuring housing affordability. Conventionally, housing affordability is measured by a simple and universal standard that housing costs of 30% or less of a household’s income are “affordable,” housing costs of over 30% are “unaffordable,” and housing costs of over 50% are “worst case housing needs.”

Shelter Poverty: A household is shelter poor if it cannot meet its non-housing needs (including food, clothing, medical care, and transportation) at some minimum level of adequacy after paying for housing.

The measure of shelter poverty is more realistic. Shelter poverty takes into account that non-housing costs are limited by how much income is left after paying for housing. This concept of housing affordability recognizes that a universal percentage cannot measure affordability. For example, a household of five people living at or below the poverty level could not possibly afford to spend 30% of its income on housing and still adequately maintain its non-housing needs, while a household of three people making, for instance, $100,000 annually can easily afford to spend 30% of income or more on housing and still maintain its non-housing needs. (See Stone 2006 for further discussion of the logic of affordability.)

Changing Demographics

In 1990 there were 207,000 Massachusetts households headed by a person of color. By 2005 this number had doubled to 416,000. Meanwhile, the number of White-headed households showed only a slight increase over this 15-year period. In 1990 households headed by a person of color accounted for about one out of every eleven households in the state (9.2 percent); by 2000 this had increased to more than one out of eight households (13.5 percent), and by 2005 to more than one out of six (17.0 percent).

Of particular relevance to the issue of shelter poverty, households headed by persons of color are larger on the average than White-headed households. The median household size among renters is 2.9 for Latino-headed households, 2.3 Asian American, 2.2 Black, and 1.6 White. Among homeowners, the median size is 3.5 for Latino-headed households, 3.4 Asian American, 2.9 Black, and 2.4 White.
Renters

Among renters, the Latino rate of shelter poverty, 61 percent (58,000 households), was much higher in 2000 than that of non-Latino Black (48 percent; 39,000 households) and Asian American households (45 percent; 21,000)\(^1\). Nonetheless, all three populations of color experienced far higher rates than did White renters (31 percent). These differential rates reflect differences in household size as well as income. The typical shelter poor renter household headed by a person of color is a single mother with children, while a White-headed household is likely to consist of an elderly woman living alone.

From 1990 to 2000 the increase in renter shelter poverty in Massachusetts was almost entirely among households of color\(^2\). The number of shelter poor renters of color increased by 57 percent, from about 77,000 in 1990 to 120,000 in 2000. By contrast, the number of White shelter poor renters increased by only 7,000 households, 3 percent. In 1990 about a quarter of all shelter poor renter households were non-White; by 2000 over a third were non-White. They had a median income of little more than $12,000. Over half were female-headed.

\(^1\) While Latinos may be of any race, in this report all the data on Blacks, Asian Americans, and Whites are for non-Latinos of these racial categories, so that the four groups are mutually exclusive.

\(^2\) Housing data for 2005 were not yet available at the time this study was completed.
From 1990 to 2000 there was a tremendous increase in homeownership among all groups – but also a tremendous increase in shelter poverty, especially among homeowners of color. The incidence of shelter poverty among homeowners of color just about doubled over the decade, growing from about 16 percent in 1990 to about 31 percent in 2000. By contrast, among Whites the incidence grew from a little under 13 percent in 1990 to 20 percent in 2000. Thus, there has been a widening gap in the rates of shelter poverty between households of color and Whites, rising from 3 percentage points in 1990 to 11 percentage points in 2000.

What accounts for the enormous increase in homeowner shelter poverty over the decade despite the booming economy? The explanation is that in the mid- and late 1990s many households of all races, but disproportionately those of color, were taking on substantial debt burdens in order to become homeowners. Since the standards for both conventional and first-time homebuyer loans do not take into account household size, many households were able to qualify for loans even though their homeownership costs left them squeezed in relation to their non-shelter needs (i.e., they were shelter poor).

Homeownership is often touted as the “anchor” for middle class status. This metaphor may have some utility, but only if accurately understood. An anchor is not a ship. The “ship” of middle class status is an adequate level and stability of income. If a household has such a ship, homeownership may serve as an anchor against some economic storms and shoals. If, however, a household does not have such a ship, but only a small and leaky rowboat of insufficient and unstable income, then the “anchor” of homeownership can be a dead weight, dragging them under the waves and drowning them even in moderate seas.

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3 The increase was from 17 percent to 33 percent among Latino homeowners, from 16 percent to nearly 33 percent among Black homeowners, and from 16 percent to almost 29 percent among Asian American homeowners. That is, all three homeowner populations of color were similarly situated in both 1990 and 2000 with respect to their shelter poverty burdens.
The Overall Picture

Nearly 27 percent of all households in Massachusetts were shelter poor in 2000. Among households headed by Latinos the incidence was 55 percent; among Black-headed households it was 42 percent; and for Asian-headed households it was about 39 percent. Overall, a household headed by a person of color was nearly twice as likely to be shelter poor as was a White-headed household. Thus, while households headed by a person of color accounted for just 13.5 percent of all Massachusetts households in 2000 (about one in six households), shelter poor households of color accounted for 23 percent of all shelter poor households – nearly one in four.

It may be asked how these results, using the shelter poverty method of measuring housing affordability, compare with the results of using the more conventional 30% of income standard. In the aggregate the shelter poverty measure shows a slightly lower incidence of affordability problems in 2000 than does the conventional measure—27 percent shelter poor vs. 32 percent paying over 30% of income. However, while this relationship also holds for White households, it is reversed for households of color. Because households of color on average have lower incomes and larger household sizes than do White households, and shelter poverty takes these factors into account, 46 percent of households of color were shelter poor in 2000 vs. 41 percent paying over 30% of income.

A household headed by a person of color was nearly twice as likely to be shelter poor as was a White-headed household.
**Recommendations**

As noted earlier, the worst situations in regard to shelter poverty are faced by very low income renter households with children. Well over a hundred thousand renter households of color are shelter poor, with a median income of slightly more than $12,000. This fact suggests an urgent need for strategies that combine income development with housing support, focused primarily in the cities and neighborhoods with concentrations of very low income renters of color.

We have to keep in mind:

- On the one hand, unless these households are able to increase their incomes quite substantially, most will remain shelter poor. Even under the best of circumstances, it is unlikely that housing subsidies will be sufficient in quantity and depth to reach all who currently are deeply shelter poor.
- On the other hand, without secure tenure and truly affordable housing costs, the daily struggle for survival makes it exceedingly difficult, if not impossible, for many mothers to obtain basic education, skills, and access to jobs.

Expansion, preservation, and improvement of non-profit and public housing are the core of what is needed, not only in terms of housing affordability but also as the loci for educational and social supports.

As for homeowners of color, nearly a third of all such households are shelter poor. More than 80 percent with incomes of less than $40,000 a year are shelter poor; and about 14 percent of those with incomes of $40,000 or more are shelter poor. Given the hard reality of shelter poverty among Massachusetts low income and very low income households of color, it is politically and morally essential to avoid false promises about the possibilities and benefits of conventional homeownership for lower-income households. The almost singular focus of national and state policy makers on expanding conventional homeownership among households of color is misplaced, and indeed unfair to those with the greatest need.

Despite the emotional and symbolic significance attached to home ownership, it is important to recognize that adequate and secure income is the necessary foundation for the dream of homeownership not to become a nightmare. On the housing side, complementary strategies should promote models of community and resident-controlled non-speculative ownership – such as limited-equity cooperatives, community land trusts, and mutual housing associations – which can provide greater security of tenure and affordability than conventional homeownership, as well as providing experience in resident control and community building.

What might be done to assist those households of color who are now homeowners but are shelter poor, especially those with incomes of less than $40,000? The most obvious answer is that they need more income, since the squeeze between their incomes and housing costs is leaving them unable to meet their non-shelter needs at a minimum level of adequacy. More directly, though, for shelter-poor homeowners who cannot afford to pay their mortgages, there is a need for a public program to provide permanent mortgage relief. Such a program would complement and go beyond current attempts of advocacy groups and public officials to encourage private lending institutions to exercise forbearance and refinance on more favorable terms.

One form of direct financial assistance could be a monthly subsidy in the form of a deferred-payment, low-interest loan – a type of “soft” second mortgage – which would be repaid either over time, when the owner’s income increases, or at the time of eventual sale. A variation, which could ensure affordability not only for the current owner but future owners as well, would provide the monthly subsidy as a grant that would not have to be repaid. In return for this grant, a permanent affordability restriction would be recorded, limiting the resale price in order to keep the home affordable to eligible lower-income buyers in the future. The legal mechanisms for both of these models are well established. To implement them would require financing and capable enforcing agencies (Stone 2002).
Conclusion

Despite the continuing growth of homeownership among households of color, the great majority of households of color in Massachusetts are renters, and the majority of Massachusetts renters of color are shelter poor. Community leaders and housing advocates should make conscious and deliberate efforts and seek resources to organize renters so that they can act on their own behalf – to resist rent increases, improve their living conditions, defend their rights, build confidence, skills, and solidarity, and determine wisely for whom and when homeownership is appropriate and feasible.

At the same time, other types of organizing efforts are also needed to begin to address shelter poverty in an effective way. For the most part, Latino, Black, and Asian American organizations and leaders in Massachusetts have focused their efforts primarily on improvements in employment, education, and social services, rather than housing. Given the critical importance of housing for social and economic well-being, it is apparent that community-based organizations in communities of color ought to give higher priority to housing in their own work and enter into coalitions with housing advocacy organizations at both the local and state levels.

Workers of color are also a growing part of the constituency of trade unions and trade union organizing in Massachusetts. As Latinos, Blacks, and Asian Americans participate in organizing drives and collective bargaining, and move into leadership positions, it is to be hoped that they will help push the labor movement to give greater attention to housing issues.

The number of people of color is growing rapidly in Massachusetts. They disproportionately face some of the most severe housing challenges that deserve the attention of all responsible policymakers and citizens. Yet people of color themselves also have the opportunity and responsibility to exert leadership in confronting not only their own shelter poverty, but shelter poverty in general as a fundamental failure of the institutions of our society and economy.
Works Cited


