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Housing Assistance and BIPOC Homeownership

The COVID-19 pandemic has caused numerous economic issues for everyday Americans, and Vermont is no exception. Between unemployment, business closures, struggles to afford rent or food, and issues accessing childcare, COVID has shed light on the inequities faced by lower-income citizens across the country. In an era where one's house serves not only as the home, but also the home office, and in many cases, the childcare or elderly-care center, ensuring that people can afford to stay in their homes is paramount. The federal and state government have made various attempts to address these concerns through policy, and funding through the CARES Act has enabled new avenues of economic relief for those affected by COVID-19.

Rental Assistance

Since the late 1980s, Vermont has seen increasing income inequality as the middle class continues to shrink, while the upper and lower classes continue to grow.¹ Since 2015, this trend has continued, and the COVID-19 pandemic has placed additional strain on Vermonters' financial stability. Due to COVID, Vermont received \$4.8 billion from the federal government, which was allocated as follows: \$1.3 billion for public services, \$1.5 billion for direct payments to individuals, and \$2 billion for business and employer relief. Of these sums, \$30 million has been allocated for emergency rental assistance in hopes of benefitting both tenants and property owners experiencing economic difficulties from COVID.² At least 90% of this money must be used to aid eligible households, and to be eligible, the household income must not exceed 50% of the defined area's median income and one or more members of the household must be unemployed from the onset of filing an application.³

¹ Maura Collins, "Growing Wealth Gap Hurts Vermont's Economy," last modified April 15, 2015, accessed April 28, 2021, <https://www.vhfa.org/news/blog/growing-wealth-gap-hurts-vermonts-economy>.

² State of Vermont: Office of the Vermont State Auditor, "COVID-19 Federal and State Expenditures," last modified December 31, 2020, accessed April 28, 2021, <https://auditor.vermont.gov/content/covid-19-federal-and-state-expenditures-0>.

³ U.S. Treasury Dept "Title V. Banking *Emergency Rental Assistance*," H.R. 133-888, last modified March 26, 2021, accessed April 28, 2021, <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program>.

Low-income Vermonters who are having issues with paying their rent have been allocated increased funds due in part to the federal COVID-19 legislation passed in December of 2020. Vermont legislators made roughly \$100 million from these funds available for both landlords and tenants to help them navigate any financial burdens on housing that the pandemic has caused.⁴ The funds from this program are acquired on a first-come, first-serve basis upon completion of the application. Qualifying recipients' payments are made via direct deposit to landlords, which essentially limits the extent that Vermonters can be reimbursed for rent paid on credit cards, as the payment cannot be used to pay off credit card debt accrued for rent payments.⁵

Vermont In Comparison to Other States

Many other states have implemented programs like Vermont's Housing Stabilization Program in response to the COVID-19 pandemic. In New York, the subsidy is a one-time offer sent directly to the property owner, which, like in Vermont, means the money cannot be used to repay credit card debt accrued by individuals paying rent. Unlike Vermont, New York's rental assistance is not allocated on a first-come, first-serve basis, but rather based off a household's economic and social need.⁶ Massachusetts also offers rental assistance to its' residents: most of those eligible pay 30-40% of their income towards rent each month, and section 8 funding from the HUD pays the remainder.⁷

New Hampshire's rental assistance program provides two separate paths for residents to access: short term rental assistance and one-time assistance grants. The one-time assistance grants can be used to pay past-due rent from April 2020 onward, for any other past-due housing expenses like utility costs, or one-time housing expenses that may impact a family's ability to maintain their housing. Each grant is intended for those directly impacted by COVID-19, and the maximum one-time payment is \$2,500. New Hampshire's short-term rental assistance program provides repayment for unpaid, past-due rent, though the sum of this rental assistance will decrease over time as a household's stability regains. Payments for this

⁴ Xander Landen, "Lawmaker approve nearly \$100 million for pandemic rental assistance," last modified February 11th, 2021, accessed April 28, 2021, <https://vtdigger.org/2021/02/11/lawmakers-approve-nearly-100-million-for-pandemic-rental-assistance/>.

⁵ Vermont State Housing Authority, "Rental Housing Stabilization Program," last modified September 3rd, 2020, accessed April 28, 2021, <https://www.vsha.org/wp/wp-content/uploads/2020/09/RHSP-Program-Summary-9.3.20.pdf>.

⁶ New York State *Homes and Community Renewal*, "COVID Rent Relief Extension Program," accessed April 28, 2021, <https://hcr.ny.gov/RRP>.

⁷ Mass.Gov, "Emergency Housing Assistance during COVID-19," accessed April 28, 2021, [https://www.mass.gov/info-details/emergency-housing-assistance-during-covid-19#details-on-the-emergency-rental-assistance-program-\(erap\)](https://www.mass.gov/info-details/emergency-housing-assistance-during-covid-19#details-on-the-emergency-rental-assistance-program-(erap)).

program were sent directly to the affected landlords, and as of December 30th, 2020, New Hampshire's rental assistance programming has ended.⁸

CARES Act and Mortgage Payments

Disclaimer: The extensions on the moratorium for evictions and mortgage payments mentioned in this report are frequently adapted, amended, and extended. Some depend on when the federal state of emergency is declared over, while others have set dates. Thus, the dates provided in this report are current to the time of writing but may be revised and renewed henceforth.

Roughly two thirds of mortgages in the US are federal loans, meaning that are sponsored by Fannie Mae, Freddie Mac, FHA, USDA and the VA.⁹ Per a statement made on February 25th, 2021, all federal lending firms have extended their moratorium on forbearances until at least 6/30/21. Multifamily property owners have been given forbearances that extend until at least 6/30/2021, with the intention of providing safety and security for property owners and tenants.¹⁰ Each federal lender program provides their own stipulations when it comes to COVID extensions and exemptions, which merit individual consideration.

Fannie Mae Loans

Recipients of Fannie Mae loans are entitled to forbearances if they are impacted by COVID-19. The forbearance can be in increments shorter than 180 days but can also extend to an entire 360-day period if needed. If the borrowers' COVID-19 hardship is not resolved during an incremental period, then the servicer must extend the forbearance period to a period not exceeding 12 total months. Fannie Mae's guidance does not include an expiration date and leaves the responsibility of deciding the expiration date to individual states.¹¹

Freddie Mac Loans

Freddie Mac currently has a moratorium on all foreclosure action and sales until June 30th, 2021. Much like Fannie Mae, Freddie Mac allows for forbearance plans for a 360-day period in

⁸ New Hampshire Housing, "New Hampshire Emergency Rental Assistance," accessed April 28, 2021, <https://www.nhhfa.org/emergency-rental-assistance/>.

⁹ Steve Sharpe, "Free access to New Chapter on Homeowner Rights During COVID Pandemic," National Consumer Law Center, last modified March 26th, 2021, accessed April 28, 2021, <https://library.nclc.org/free-access-new-chapter-homeowner-rights-during-covid-pandemic#content-1>.

¹⁰ Federal Housing Finance Agency, "FHFA Extends COVID-19 Forbearance Period and Foreclosure and REO Eviction Moratoriums," last modified February 25th, 2021, accessed April 28, 2021, <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Extends-COVID-19-Forbearance-Period-and-Foreclosure-and-REO-Eviction-Moratoriums.aspx>.

¹¹ National Consumer Law Center, "Fannie Mae COVID-19 Options," 12.3.4, last modified February 25th, 2021, accessed April 28, 2021, <https://library.nclc.org/ms/1203040301-0>.

two increments. Additionally, the servicer must grant the borrowers' request for forbearance, and there is no expiration date for the eligibility of these requests.¹²

Federal Housing Agency (FHA)

The FHA has a moratorium on foreclosure until June 30, 2021, which, unlike Freddie Mac and Fannie Mae loans, includes vacant and abandoned properties. A request from a borrower may be fulfilled for a forbearance up to 360 days in 180-day increments. The FHA has not clearly articulated on its stance regarding matters longer than the two forbearance periods allocated to borrowers.¹³

BIPOC Homeownership

Across the United States, white homeownership rates were reported at 73.3% in 2019 compared to 42.1% of Black Americans and 47.5% of Hispanic or Latino Americans.¹⁴ The gap between Black and white homeownership rates has risen 3.5% between 2004 and 2020 to 29.7 percentage points, which is largely attributed to the 2008 financial crisis.¹⁵ Rates of homeownership are a critical consideration in assessing a community's financial wellbeing, because owning a home gives people an asset to borrow against as well as an appreciating investment that can be passed down to one's children.

Recent data from the American Communities Survey (ACS) suggests that white Vermonters' home ownership rate is 72.3%,¹⁶ while Black Vermonters' home ownership rate is 21.1%,¹⁷ Asian Vermonters' home ownership rate is 50.4%,¹⁸ and Hispanic Vermonters' home ownership

¹² National Consumer Law Center, "Freddie Mac COVID-19 Options."

¹³ U.S. Housing and Urban Development, "HUD Announces Extensions and Expansions of Covid-19 Homeowner Relief and Home Retention Measures," HUD No 21-023, last modified February 16, 2021, accessed April 28, 2021, https://www.hud.gov/press/press_releases_media_advisories/hud_no_21_023#:~:text=The%20extension%20of%20the%20foreclosure,%2C%20through%20June%2030%2C%202021.

¹⁴ U.S. Census Bureau, "Homeownership Rates by Race and Ethnicity of Householder," 1994-2020, Table: ann20t22, accessed April 28, 2021, <https://www.census.gov/housing/hvs/data/ann20ind.html>.

¹⁵ USA Facts, "White people own 86% of wealth and make up 60% of the population.," Last modified September 23, 2020, accessed April 28, 2021, <https://usafacts.org/articles/white-people-own-86-wealth-despite-making-60-population/>.

¹⁶ U.S. Census Bureau, "Tenure (White Alone Householder)," 2019, Table: B25003A, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=renter&t=Race%20and%20Ethnicity&g=0400000US50&tid=ACSDT1Y2019.B25003A>.

¹⁷ U.S. Census Bureau, "Tenure (Black or African American Alone Householder)," 2019, Table: B25003B, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=tenure&t=Race%20and%20Ethnicity&g=0400000US50&tid=ACSDT1Y2019.B25003B>.

¹⁸ U.S. Census Bureau, "Tenure (Asian Alone Householder)," 2019, Table: B25003D, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=renter&t=Race%20and%20Ethnicity&g=0400000US50&tid=ACSDT1Y2019.B25003D>.

rate is 38.5%.¹⁹ This means that the racial asset gap in terms of homeownership is close to the gap at the national level for white and Hispanic Vermonters, but much greater than the national average between white and Black Vermonters. It is important to note that Black homeownership rates in Vermont are less than half of the national average.

This racial wealth gap has largely been attributed to a history of discriminatory housing practices in the United States preceding the 1968 Fair Housing Act. During the post-war housing boom, suburbanization was heavily encouraged and subsidized by the federal government, but non-white Americans were not able to buy homes in suburban areas due to explicit discrimination by real estate agencies, banks, the Federal Housing Authority, the Veterans Association, racial covenants between neighbors, and the Home Owner's Loan Corporation.²⁰ These practices limited BIPOC Americans' abilities to buy homes, thus depriving them of opportunities to access the central wealth-building asset of the middle class, and ultimately creating a generational legacy that factors into the racial wealth gap today. Current analysis of the legacy of housing discrimination has shown that desegregation in large cities has stalled significantly, but in smaller towns, desegregation is continuing at a steady pace.²¹ In writing a bill intended to help Vermont's BIPOC (Black, Indigenous, and People of Color) community close the asset gap through down-payment assistance, a legislator cannot specifically say that they are trying to make racial distinctions. Modern interpretations of the Fourteenth Amendment's Equal Protection Clause in the courts have consistently struck down laws that are based on racial distinctions, even if they are for remedial purposes.²² Because of this, lawmakers must use proxy criteria that effectively represent BIPOC Vermonters without using explicitly racial designations.

The Use of the Term BIPOC

It is imperative to consider various factors in the context of BIPOC homeownership when considering legislation to aide Vermont's BIPOC community. The term "BIPOC" refers to those who are Black, Indigenous, and People of Color.²³ The 2020 US Census defines six categories on race: "White," "Black or African American," "American Indian or Alaska Native," "Asian," and "Native Hawaiian or Other Pacific Islander," or "Some Other Race," which includes a write-in

¹⁹ U.S. Census Bureau, "Tenure (Hispanic or Latino Householder)," 2019, Table: B25003, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=renter&t=Race%20and%20Ethnicity&g=0400000US50&tid=ACSDT1Y2019.B25003I>.

²⁰ Natasha Trifun, "Residential Segregation after the Fair Housing Act," American Bar Association, October 1, 2009, accessed April 28, 2021, https://www.americanbar.org/groups/crsj/publications/human_rights_magazine_home/human_rights_vol36_2009/fall2009/residential_segregation_after_the_fair_housing_act/.

²¹ Massey, Douglas S. "The Legacy of the 1968 Fair Housing Act," *Sociological Forum* 30, no. S1 (2015): 571–88, accessed April 28, 2021, <https://doi.org/https://doi.org/10.1111/socf.12178>.

²² "Equal Protection and Race," Legal Information Institute, Cornell Law School, Accessed April 28, 2021, <https://www.law.cornell.edu/constitution-conan/amendment-14/section-1/equal-protection-and-race>.

²³ Garcia, Sandra, "Where did BIPOC Come From?" *New York Times*, last modified June 17, 2020, accessed April 28, 2021, <https://www.nytimes.com/article/what-is-bipoc.html>.

area for respondents to fill in details about their racial identity.²⁴ The census does stipulate that "Hispanic origins [are] not considered races. Hispanic origin can be viewed as the heritage, nationality, lineage, or country of birth of the person or the person's parents or ancestors before arriving in the United States. People who identify as Hispanic, Latino, or Spanish may be any race."²⁵ As such, the US Census defines Hispanic origin as an ethnicity, rather than a racial category.

There are many culturally and socially salient nuances to the definitions of race and ethnicity in the United States due to the proliferation of racist and discriminatory practices. Individuals from different ethnic and racial backgrounds have profoundly different lived experiences, and it is important to note that the use of the term BIPOC is not to group all people of non-white racial and ethnic backgrounds together, but rather to provide space and consideration to the experiences of the Black, Indigenous, and People of Color communities in the United States. For the purposes of this report, we will defer to the categories of race and ethnicity defined by the US Census, though there are several valid concerns about the definitions of race and ethnicity provided in the Census.

Analysis of Proposed Criteria

In the preliminary draft of the enhanced down payment assistance pilot program that Senator Clarkson sent to our team, to be eligible for advanced down payment assistance, an applicant must meet three of these five criteria:

- (1) The buyer has postsecondary education debt;
- (2) The buyer's household has four or more people;
- (3) The buyer's household has a member with a disability;
- (4) The buyer's household income, not including down payment assistance and income of non-occupant co-signors, has a front-end ratio of 28 percent or higher; or,
- (5) The buyer is the sole head of household with at least one eligible dependent residing in the household.²⁶

In addition to the criteria suggested in the initial draft of the legislation provided by Senator Clarkson, Dr. Stephanie Seguino, a UVM economics professor who has done extensive work on race and policing in Vermont, suggested multigenerational family households as a potential criterion as well.

To assess these criteria, our team examined data from the U.S. Census's American Communities Survey (ACS) estimates for 2019 in the state of Vermont. One major methodological issue with

²⁴ U.S. Census Bureau, "2020 Census Questions: Race," accessed April 28, 2021, <https://2020census.gov/en/about-questions/2020-census-questions-race.html>.

²⁵ U.S. Census Bureau, "Questions Asked on the Form," accessed April 28, 2021, <https://2020census.gov/en/about-questions.html>.

²⁶ Vermont General Assembly, House of Representatives, "Enhanced Down Payment Assistance Pilot Program; Appropriation, "Senator Clarkson, dr-req 21-0806 – draft 6.1, last modified March 8th, 2021.

finding criteria that apply disproportionately to BIPOC Vermonters is that demographically, the state is 94.2% white and has a population of just under 625,000, which means the actual number of BIPOC Vermonters is around 36,000 people.²⁷ The data sets used in this report focus on Black, Asian, and Hispanic or Latino Vermonters, which are the three largest racial groups in the state after white Vermonters.²⁸ Because statistical precision is more difficult as sample sizes decrease, many of the ACS data sets have high margins of error and thus make accurate conclusions difficult to reach. It is also important to note, when interpreting the data presented in this report, that there is a large median age difference between white and BIPOC Vermonters with [44.1](#)²⁹ being the median age for white Vermonters, [25.2](#)³⁰ for Black Vermonters, [31.7](#)³¹ for Asian Vermonters, and [25.6](#)³² for Hispanic or Latino Vermonters. For comparison, nationally the median age is 43 for white Americans, 34 for Black Americans, 37 for Asian Americans and, 29 for Latino Americans, showing that ages for BIPOC Vermonters skew several years younger than the national average.³³ Below are our team’s findings regarding the six criteria given to us by Senator Clarkson and Dr. Seguino.

Criterion #1: Postsecondary Education Debt

For ease of understanding the subsequent section, we came to define postsecondary education debt as the debt accumulated from taking out loans in order to pursue a postsecondary education.

In response to the first criterion provided above, a variety of factors relating to postsecondary education and postsecondary education debt can be considered. The National Center for Education Statistics (NCES) reports that 67.7% of white (non-Latino) students took out federal loans in order to pursue a post-secondary degree in 2015-2016. In comparison, 86.3% of Black (non-Latino) students took out federal loans, 70.1% of Hispanic or Latino students (of any race) took out federal loans, 43.9% of Asian (non-Latino) students took federal loans, and 71.3% of students demographically labelled “other or two or more races, not Hispanic or Latino” took

²⁷ U.S. Census Bureau, “QuickFacts Vermont,” accessed April 28, 2021, <https://www.census.gov/quickfacts/VT>.

²⁸ U.S. Census Bureau, “QuickFacts Vermont.”

²⁹ U.S. Census Bureau, “Median Age by Sex (White Alone),” Table: B01002A, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B01002A&hidePreview=false>.

³⁰ U.S. Census Bureau, “Median Age by Sex (Black of African American Alone),” Table: B01002B, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B01002B&hidePreview=false>.

³¹ U.S. Census Bureau, “Median Age by Sex (Asian Alone),” Table: B01002D, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B01002D&hidePreview=false>.

³² U.S. Census Bureau, “Median Age by Sex (Hispanic or Latino),” Table: B01002I, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B01002I&hidePreview=false>.

³³ National Equity Atlas, “Median Age: Shared prosperity requires setting up young people of color to succeed,” accessed April 28, 2021, https://nationalequityatlas.org/indicators/Median_age#.

out federal loans.³⁴ With the notable exception of Asian students, who took out loans less frequently than every other demographic group, Black students, Hispanic/Latino students, and students defined as “other or two or more races” took out loans more often than white students. The NCES also analyzed the ratio of debt owed 12 months after bachelor’s degree completion to amount borrowed and found that while white students averaged a ratio of 89.3, BIPOC students collectively averaged a ratio of 94.6, meaning that BIPOC students owed more debt, on average, than white students a year after graduating.³⁵

While there is no specific data available for Vermont on the racial composition of those with postsecondary education debt, examining postsecondary educational attainment can be a useful step when trying to further conceptualize the amount of debt accrued by individuals. Data from the ACS on education attainment as shown by the percentage of that race over 25 with at least some college (including unfinished degrees, associate degrees, bachelor's degrees, graduate degrees) is displayed in the table below:

Census Designated Group in Vermont	Percentage of Group over 25 with at least some postsecondary attainment
White Vermonters	64.4% ³⁶
Black Vermonters	54.3% ³⁷
Hispanic or Latino Vermonters	69.9% ³⁸
Asian Vermonters	70.1% ³⁹

Averaging together the three percentages of educational attainment for Black, Asian, and Hispanic or Latino Vermonters comes out to 64.76%, which is roughly equal to that of white Vermonters in the same age cohort. Though these numbers are similar, recent scholarship on the student debt gap shows that debt outcomes from postsecondary education vary greatly. A

³⁴ National Center for Education Statistics (NCES), U.S. Department of Education, "Student Debt," accessed April 28, 2021, <https://nces.ed.gov/fastfacts/display.asp?id=900>.

³⁵ National Center for Education Statistics (NCES), U.S. Department of Education, "Student Debt."

³⁶ U.S. Census Bureau, “Sex by Educational Attainment for the Population 25 Years and Over (White Alone),” Table: B15002A, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT1Y2019.B15002A&hidePreview=false>.

³⁷ U.S. Census Bureau, “Sex by Educational Attainment for the Population 25 Years and Over (Black or African American Alone),” Table: B15002B, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT1Y2019.B15002B&hidePreview=false>.

³⁸ U.S. Census Bureau, “Sex by Educational Attainment for the Population 25 Years and Over (Hispanic or Latino),” Table: B15002, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT1Y2019.B15002I&hidePreview=false>.

³⁹ U.S. Census Bureau, “Sex by Educational Attainment for the Population 25 Years and Over (Asian Alone),” Table: C15002D, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Educational%20Attainment%3ARace%20and%20Ethnicity&tid=ACSDT1Y2019.C15002D&hidePreview=false>.

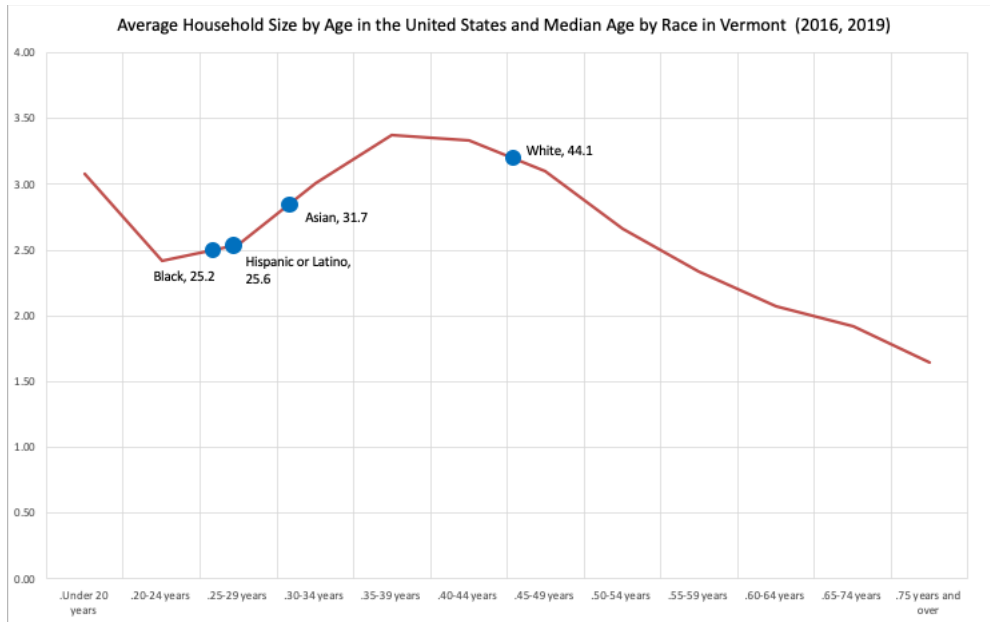
2015 study found that “[B]lack young adults report[ed] 40% more debt than whites after controlling for differences in postsecondary careers,” which is largely consistent with household wealth. “[C]ollege-going [B]lack young adults tend to have parents with significantly lower levels of education and income, are more likely to come from single parent families, and have substantially lower net worth compared to their white counterparts.”⁴⁰ These findings support not only the persistent effect of the racial wealth gap in America, but also that similar education levels may still result in larger amounts of postsecondary debt in BIPOC Vermonters.

Criterion #2: The Buyer’s Household has Four or More People

This criterion applies to households with a minimum of four full time residents at the time of purchase. In response to the second criterion outlined by Senator Clarkson and Dr. Seguino, there is no data available from the ACS on household size by race in Vermont, but nationwide data that includes race and age can be found through the Census in the 2016 America’s Families and Living Arrangements data sets. Though we cannot determine how these data map onto Vermont exactly, we used age cohorts as a proxy for household size in Vermont. The “America’s Families and Living Arrangements: 2016” shows that the average household size in the country is 2.37 for white Americans, 2.48 for Black Americans, 2.88 for Asian Americans, and 3.33 for Hispanic or Latino Americans.⁴¹ Though nationally, BIPOC Americans tend to have larger household sizes than white Americans, when applying this to Vermont, age needs to be taken into consideration. The chart below shows household size by age cohort nationally; we added blue markers denoting the median age by race and ethnicity in Vermont.

⁴⁰ Addo, F.R., Houle, J.N. & Simon, D. Young, “Black, and (Still) in the Red: Parental Wealth, Race, and Student Loan Debt,” *Race and Social Problems* **8**, 64–76 (2016), accessed April 28, 2021, <https://link.springer.com/article/10.1007/s12552-016-9162-0#Sec15>.

⁴¹ U.S. Census Bureau, “Average Number Of People Per Household, By Race And Hispanic Origin, Marital Status, Age, And Education Of Householder: 2016,” Table: AVG1, accessed April 28, 2021, <https://www.census.gov/data/tables/2016/demo/families/cps-2016.html>.



This chart, while not providing definitive data on household size by race in Vermont, suggests that though BIPOC Americans may collectively have larger household sizes, because BIPOC Vermonters tend to be much younger on average, household size is likely tempered by age thus likely nullifying household size as an effective indicator for BIPOC Vermonters.

Criterion #3: The Buyers Household has a Member with a Disability

This applies to people who have a permanent resident of the household with a disability as outlined by the American Disabilities Association.

The ACS has several direct data sets that show disability status by race. These data show that [14.5%⁴²](#) of white Vermonters have a disability, compared to [15.6%⁴³](#) of Black Vermonters, [7.4%⁴⁴](#) of Asian Vermonters, and [10.3%⁴⁵](#) of Hispanic or Latino Vermonters. The

⁴² U.S. Census Bureau, "Age By Disability Status (White Alone)," 2010-2019, table B18101A, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B18101A&hidePreview=false>.

⁴³ U.S. Census Bureau, "Age By Disability Status (Black or African American Alone)," 2010- 2019, table B18101B, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B18101B&hidePreview=false>.

⁴⁴ U.S. Census Bureau, "Age By Disability Status (Asian Alone)," 2010-2019, table B18101D, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B18101D&hidePreview=false>.

⁴⁵ U.S. Census Bureau, "Age By Disability Status (Hispanic or Latino)," 2010- 2019, table B18101I, accessed April 28, 2021,

average of the three non-white groups is 11.1%, which is slightly below the white disability rate. It is important to reiterate that because disabled BIPOC Vermonters are a very small group within the state, the ACS has a very high margin of error for these data; for example, the margin of error given for the 766 disabled Asian Vermonters is ± 257 which is a 34% margin. Because of this, though the 11.1% disability rate among BIPOC Vermonters is below the 14.49% disability rate for white Vermonters, the gap cannot be considered statistically significant.

Criterion #4: Front-End Ratio of 28% or Higher

A front-end ratio is used to analyze one's ability to make their mortgage payments each month. The ratio looks at what proportion of an individual's income goes towards making housing payments. This is calculated by dividing the anticipated monthly mortgage payment by one's monthly income. Lenders typically prefer a ratio around 28% or lower, as a higher ratio indicates a higher likelihood of defaulting on one's payments.⁴⁶

To examine front-end ratios for housing costs for BIPOC Vermonters, ACS data on median household income in Vermont can be used to calculate such disparities. Estimates from 2019 show that white Vermonters have a median household income of \$63,425⁴⁷, while Black Vermonters have \$42,167⁴⁸, Asian Vermonters have \$69,175⁴⁹ and Hispanic or Latino Vermonters have \$37,394.⁵⁰

<https://data.census.gov/cedsci/table?q=vermont&t=Race%20and%20Ethnicity&tid=ACSDT5Y2019.B18101I&hidePreview=false>.

⁴⁶ Will Kenton, "Front-End Ratio," Investopedia, last modified January 23rd, 2020, accessed April 28, 2021, <https://www.investopedia.com/terms/f/front-endratio.asp#:~:text=The%20front%20end%20ratio%2C%20also, his%2Fher%20monthly%20gross%20income>.

⁴⁷ U.S. Census Bureau, "Median Household Income in the Past 12 Months (in 2019 Inflation-Adjusted Dollars) (White Alone Householder)," 2019, Table: B19013A, accessed April 28, 2021, https://data.census.gov/cedsci/table?q=Table%20B19013A&g=0100000US_0400000US50&tid=ACSDT1Y2019.B19013A&hidePreview=false.

⁴⁸ U.S. Census Bureau, "Median Household Income in the Past 12 Months (in 2019 Inflation-Adjusted Dollars) (Black or African American Alone Householder)," 2019, Table: B19013B, accessed April 28, 2021, https://data.census.gov/cedsci/table?q=Table%20B19013B&g=0100000US_0400000US50&tid=ACSDT5Y2011.B19013B&hidePreview=false.

⁴⁹ U.S. Census Bureau, "Median Household Income in the Past 12 Months (in 2019 Inflation-Adjusted Dollars) (Asian Alone Householder)," 2019, Table: B19013D, accessed April 28, 2021, https://data.census.gov/cedsci/table?q=Table%20B19013D&g=0100000US_0400000US50&tid=ACSDT1Y2019.B19013D&hidePreview=false.

⁵⁰ U.S. Census Bureau, "Median Household Income in the Past 12 Months (in 2019 Inflation-Adjusted Dollars) (Hispanic or Latino Householder)," 2019, Table: B19013I, accessed April 28, 2021, https://data.census.gov/cedsci/table?q=Table%20B19013I&g=0100000US_0400000US50&tid=ACSDT1Y2019.B19013I&hidePreview=false.

ACS data show that the median monthly housing cost in VT is [\\$1,134](#).⁵¹ Thus, the monthly income required to stay under the accepted rate of 28% to qualify for most loans would be \$4,050 or a yearly income of \$48,600 without taking into account the higher housing costs that may occur in the identified Designated Downtown or Neighborhood Development Areas. This means that most Black and Hispanic or Latino Vermonters have household incomes that would qualify them as above a 28% front-end ratio if they were paying at or above the median monthly housing cost.

Criterion #5: Head of the Household

To better understand this criterion, we must first realize that there are many types of relationships that fall into this category, including single grandparents with dependent grandchildren, single family members taking care of a disabled adult relative, or single adult siblings who are the main legal caretaker of a minor sibling. Within those categories, the largest group is single parents who have a minor child. There was no available ACS data to match this criterion, so our findings are as follows.

The Pew Research Center's 2018 study on single parenthood is a good reference for national data on the matter. According to the study, nationally 42% of single parents are white, 28% are Black, 24% are Hispanic, and 3% are Asian.⁵² Compared to overall national demographics, this shows that there is an overrepresentation in Black and Hispanic single. Further, Pew found that 23% of single parents live with their parent, precluding them from this criterion altogether. Because this data is national, it cannot be concluded that such proportions will directly map onto Vermont demographics. As mentioned before, the age gap between white and BIPOC Vermonters is much larger than at the national level, which influences parenthood rates. The same Pew study found that the median age of married couples is 40, while it is 38 among single parents. Because the median age of BIPOC Vermonters is significantly lower than 38 across all three groups studied, with 27.5 being the average of the median ages, it is likely that a smaller proportion of BIPOC Vermonters are single parents compared to the national rate. It is difficult to ascertain whether this relative youngness in Vermont fully discounts the overall national trend of overrepresentation of single parenthood in Black and Hispanic Americans. Ultimately, this proxy criterion may be helpful due to national trends, but age data suggests that the effect would be limited.

⁵¹ U.S. Census Bureau, "Median Monthly Housing Costs (Dollars)," 2019, Table: B25105, accessed April 28, 2021, https://data.census.gov/cedsci/table?q=Median%20monthly%20home%20payment&g=0100000US_0400000US50&tid=ACSDT1Y2019.B25105&hidePreview=false.

⁵² Gretchen Livingston, "The Changing Profile of Unmarried Parents," Pew Research Center, last modified April 25, 2018, accessed April 28, 2021, [https://www.pewresearch.org/social-trends/2018/04/25/the-changing-profile-of-unmarried-parents/#:~:text=Among%20solo%20parents%2C%2042%25%20are,cohabiting%20moms%20\(30%25%20vs.](https://www.pewresearch.org/social-trends/2018/04/25/the-changing-profile-of-unmarried-parents/#:~:text=Among%20solo%20parents%2C%2042%25%20are,cohabiting%20moms%20(30%25%20vs.)

Criterion #6: Multigenerational Households

The data set from the American Communities Survey that most closely approximates having a multigenerational home is the data set on grandparents living in the same house as their grandchildren, by race. Data from the ACS show that [93.9%](#)⁵³ of grandparents who live in the same household as their grandchildren are white, which matches up with the overall demographic composition of Vermont being 94.2% white, meaning that multigenerational households is not likely to function as a proxy of race in Vermont.

Minnesota's Committee on Racial Justice

In July of 2020, the House of Representatives in Minnesota passed a resolution declaring racism a public health crisis and established the House Select Committee on Racial Justice to create a list of recommended policy changes.⁵⁴ The racial divide in homeownership is very prominent in Minnesota. In Minnesota, 39% of BIPOC households are homeowners, compared to 75% of white households.⁵⁵ In addition to these disparities, there is also a “cost burden,” which is essentially when a household spends more than 30% of its income on housing each month. This figure is also skewed towards BIPOC households, with 40% of BIPOC households cost burdened.⁵⁶ In Vermont, cost burden is also an area of concern; 48% of renters in Vermont are cost burdened, which means that making the jump to homeownership may prove difficult.⁵⁷ Housing equity makes up about two thirds of all wealth for a typical median household.⁵⁸ Thus, the racial wealth gap is largely dependent on a housing gap, but there are other critical factors that should also warrant consideration.

As part of their recommendations, the Minnesota House Select Committee suggested focusing resources on creating homeownership opportunities as well as focusing on community development as whole to remedy more systemic issues. The other community-based areas that were identified were:

- Disparities in State Procurement;

⁵³ U.S. Census Bureau, “Grandparents,” 2010-2019, S1002, accessed April 28, 2021, <https://data.census.gov/cedsci/table?q=vermont&t=Families%20and%20Living%20Arrangements&tid=ACST1Y2019.S1002&hidePreview=false>.

⁵⁴ Minnesota House, “HR 1: A House Resolution Declaring Racism a Public Health Crisis,” 20-8899, accessed April 28, 2021, https://www.revisor.mn.gov/bills/text.php?number=HR1&type=resolution&version=0&session=ls91&session_year=2020&session_number=2.

⁵⁵ Minnesota House Select Committee on Racial Justice, “House Select Committee on Racial Justice Report to the Legislature,” December 22, 2020, accessed April 28, 2021, https://www.house.leg.state.mn.us/comm/docs/AtTtQOzOW0_0kfobUfMQrw.pdf.

⁵⁶ Minnesota House Select Committee on Racial Justice, “House Select Committee on Racial Justice Report to the Legislature,”.

⁵⁷ “Housing Needs,” Vermont Affordable Housing Coalition, accessed April 28, 2021, <https://www.vtaffordablehousing.org/resources/housing-need/#:~:text=48%25%20of%20renters%20in%20Vermont,highest%20percentage%20in%20the%20nation>.

⁵⁸ Matteo Iacoviello, “Housing and Wealth Consumption,” U.S. Federal Reserve, accessed April 28, 2021, <https://www.federalreserve.gov/pubs/ifdp/2011/1027/ifdp1027.htm>.

- Education Disparities;
- Health and Human Services Inequities;
- Maternal Child Mortality and Morbidity;
- Tobacco Disparities;
- Dental Disparities;
- COVID Hospitalization and Mortality Rates; and,
- Public Safety.

Though the BIPOC asset gap can be largely explained by inequities in homeownership, as the Minnesota House Select Committee highlighted, there are a plethora of other issues that perpetuate the asset gap. As the Committee addressed, the asset gap is systemically rooted in many societal factors and phenomena, so in order to decrease the asset gap in the present and the future, Minnesota set out to holistically address a plethora of factors.

Community-Based Approach in Vermont

In addition to the focus on a more community-based approach that the Minnesota House Select committee took, Heather Eagan, a professor in Critical Race and Ethnic Studies at the University of Vermont, highlighted the value of community-based approaches to addressing the BIPOC asset gap in Vermont. During an interview conducted with Professor Eagan on May 22nd, 2021, she said that in addition to offering these families access to homeownership, overcoming social anxiety is of paramount importance. She made several recommendations to do so, namely: leveraging the concept of safety in numbers for larger BIPOC groups, increasing the access and fairness of schooling, providing diversity training for the police, forming focus groups in individual towns, and promoting homeownership to BIPOC groups that have been in Vermont the longest.⁵⁹

Educational Disparities in Vermont

In order to understand educational disparities in Vermont, we examined the adjusted cohort graduation rate (ACGR), which examines the percentage of public high school students in the US graduating on time, organized by racial groups. In Vermont in 2017-2018, the ACGR for white students was 86%, while for Black students it was 70% and for Hispanic students it was 79%.⁶⁰ The ACGR gap was thus calculated as 16 between Black students and white students, and 7 for Hispanic students and white students. On a national scale, the gap (when compared to white students) for Black students is 10 and for Hispanic students is 8.⁶¹ There is a notable difference in Vermont's ACGR gap versus the national gap, showing a heightened disparity for the BIPOC community in Vermont. Given her expertise, Professor Eagan stressed

⁵⁹ Professor Heather Eagan, video interview, May 22nd, 2021

⁶⁰ "Public High School Graduation Rates," National Center for Education Statistics, last updated May 2020, accessed April 28, 2021, https://nces.ed.gov/programs/coe/indicator_coi.asp.

⁶¹ "Public High School Graduation Rates," National Center for Education Statistics, last updated May 2020, accessed April 28, 2021, https://nces.ed.gov/programs/coe/indicator_coi.asp.

that an invaluable step towards creating a more equitable playing field for the BIPOC community would be enhancing the education system. Professor Eagan advised that addressing and mitigating education disparities is paramount when attempting to spur homeownership in areas where education may not be desirable for these families.

Conclusion

This research has highlighted both the housing assistance available from legislation enacted in response to the COVID-19 pandemic and the inequities experienced by BIPOC Vermonters in various contexts related to potential homeownership. Based on our evaluation, some, but not all, of the factors suggested by Senator Clarkson would be valuable proxy criteria to promote BIPOC homeownership in the state of Vermont. Both our conversations with Dr. Seguino and Professor Eagan, as well as the example set by the Minnesota House select committee on racial justice, highlighted the importance of a community-based, socially aware approach to encourage BIPOC homeownership, given the plethora of factors that may encourage or discourage BIPOC community members in the home buying process.

This report was completed on April 29, 2021 by Madeleine Blaber, Clay Lerner, and Katherine Peck under the supervision of VLRS Director, Professor Anthony “Jack” Gierzynski in response to a request from Senator Allison Clarkson.

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