

# Taking Stock: An Increase in Black Homeownership May Be Coming at a Cost

On September 15<sup>th</sup>, the U.S. Census Bureau released the American Community Survey (ACS) one-year estimates for data collected in 2021. The one-year estimates are a great snapshot for current, annual data in populations greater than 65,000. These data releases provide a unique opportunity to explore the more rapidly developing trends at the cost of precision. The Census Bureau only released experimental one-year estimates for 2020, creating a gap in some statistics. Despite all the caveats above, there are two areas in the 2021 one-year estimates for the region that PCRG would like to bring to your attention: the stark changes in homeownership rates and median household incomes.

## *An Uptick in Homeownership*

In our previous reporting on homeownership statistics in Allegheny County and the City of Pittsburgh, PCRG showed how homeownership was trending downward regionally from 2010 to 2019.<sup>[1]</sup> In the City of Pittsburgh, homeownership declined to a decade low in 2019 at 45.1% for all homeowners, with white homeownership at 52.9% and Black homeownership at 30.1%. In 2021, we saw a modest increase in total homeownership to 48.8% and in white and Black homeownership (56.1% and 33.9%). This increase also reduced the City's Black-white homeownership gap from 22.8% to 22.3%.<sup>[2]</sup>

Additionally in Allegheny County, we saw a similar increase in the homeownership. Total owner-occupied housing increased from 62.8% to 65.9%, while white homeownership increased from 69.6% to 71.9% and Black homeownership increased from 31.5% to 36.0%. This represented a reduction in the Black-white homeownership gap from 38.1% in 2019 to 35.9%.<sup>[3]</sup>

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<sup>[1]</sup> PCRG, *Taking Stock: A Decade in Decline for Black Homeownership in Pittsburgh*. (2022).

<https://www.pcr.org/black-homeownership-report>

<sup>[2]</sup> U.S. Census Bureau, Subject Table S2502, Demographic Characteristics for Occupied Housing (2019 and 2021 one-year estimates)

<sup>[3]</sup> Ibid.

### *Three Potential Factors for the Change in Homeownership Rates*

- 1) *One-year ACS estimates prioritize current information over precision, leading to inherent flaws that allow for year-to-year fluctuations that may not accurately represent what is happening within communities.*

As previously stated, the ACS one-year estimates represent a snapshot in time, collected over a single year and only in a limited number of communities. This reduced timeframe means a much smaller sample size and higher margins of error than that of the five-year estimates. While there is less likely to be an issue of reliability for the total number of owner-occupied housing units in Allegheny County, there are considerable issues with statistical significance related to narrowly tailored datasets that involve demographic information, like race, ethnicity, gender, and age – especially at smaller geographic levels (think city versus county).<sup>[4]</sup>

For the research used in this article, all statistics related to homeownership were statistically significant at the county and city level, regardless of race and ethnicity status. However, when examining the household incomes of white and Black residents respectively, there are some income groupings that are not statistically significant within the City of Pittsburgh. Specifically, this occurs for Black households in Pittsburgh that make over \$30,000 a year.

We have chosen to include this analysis despite the limitations, as we see value in discussing issues of inequality that while not necessarily statistically significant, are still intimately plausible for a significant portion of Pittsburgh's Black population. Similarly, we did not include Hispanic or Latino populations in this analysis because there was not a sufficiently sized sample for analysis in 2021 within Pittsburgh.

- 2) *Pandemic-related stimulus and increased resources to homeownership programs regionally allowed for individuals close to homeownership a better opportunity to purchase a home.*

Research from the Federal Reserve has shown how the pandemic led to increased volatility in not just home prices, but also home purchasing

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<sup>[4]</sup> U.S. Census Bureau, "When to Use 1-year or 5-year Estimates" <https://www.census.gov/programs-surveys/acs/guidance/estimates.html>

trends, that were almost entirely driven by an increase in demand.<sup>[5]</sup> Even though the U.S. economy experienced a recession at the beginning of the COVID-19 pandemic, home sales and prices surged in early 2020 and throughout 2021. The Dallas Fed attributes this to “large transfer payments that included stimulus checks and extended/expanded unemployment benefits” and “very low mortgage interest rates.<sup>[6]</sup>” While they note that this has led to affordability concerns as home prices outpace changes in incomes, it is plausible that higher end earners that qualified for stimulus may have benefitted in home purchasing. Additional homeownership programs, locally like the Urban Redevelopment Authority’s Housing Opportunity Fund, as well as other programs at the national and state level could also be a difference maker for prospective homebuyers.

This may seem like a stretch logically, but Home Mortgage Disclosure Act (HMDA) data from 2019 to 2021 in Allegheny County shows improvements in Black home purchasing data. Home purchase loan originations for Black applicants increased 46.1% from 2019 to 2021 (from 726 originations to 1061 originations in 2021 respectively), reducing the ratio of white to Black home purchase originations from 15:1 in 2019 to 11.6:1 in 2021.<sup>[7]</sup>

*3) Changes in homeownership rates in 2021 reflect potential displacement/movement of moderate- and middle-income individuals throughout the region.*

Despite the progress in ACS and HMDA data from 2019 to 2021, there continues to be a problem with the underlying fundamentals that paints a less positive picture of Black homeownership in Pittsburgh. While homeownership rates increased for Black households in Pittsburgh, the total number of Black households and Black homeowning households both decreased in that same period.<sup>[8]</sup> In 2019 there were 9,483 Black owner-occupied households out of 31,477 total Black households (30.1% homeownership rate). In 2021, Black owner-occupied households decreased by 662 households to 8,821, while the total number of Black households

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<sup>[5]</sup> Anenberg, Elliot, and Daniel Ringo (2022). “Volatility in Home Sales and Prices: Supply or Demand?” Finance and Economics Discussion Series 2022-041. Washington: Board of Governors of the Federal Reserve System, <https://doi.org/10.17016/FEDS.2022.041>

<sup>[6]</sup> Duca, John V. and Anthony Murphy (2021). “Why House Prices Surged as the COVID-19 Pandemic Took Hold” Federal Reserve Bank of Dallas <https://www.dallasfed.org/research/economics/2021/1228.aspx>

<sup>[7]</sup> Consumer Financial Protection Bureau, Home Mortgage Disclosure Act Data. <https://ffiec.cfpb.gov/data-browser/>

<sup>[8]</sup> U.S. Census Bureau, Subject Table S2502, Demographic Characteristics for Occupied Housing (2019 and 2021 one-year estimates)

decreased 5,439 to 26,038 in 2021, increasing the homeownership rate to 33.9% in the process.

At the same time, we saw that the median household income in Allegheny County and the City of Pittsburgh rose from 2019 to 2021 to \$69,091 in Allegheny County and \$57,821 in Pittsburgh, respectively.<sup>[9]</sup> These represented modest increases of about \$4,000 for both the city and county, but they are not created equally across all households. The median income for white households in Pittsburgh increased from \$63,275 in 2019 to \$67,349 in 2021, almost \$10,000 higher than the median income for all Pittsburgh households. Meanwhile, Black households in Pittsburgh saw a statistically significant decrease in median household income from 2019 to 2021 from \$32,041 to \$28,989 – nearly half that of the median income for all Pittsburgh households. Although not as dramatic, the median Black household income fell in Allegheny County from \$36,842 in 2019 to \$36,317 in 2021.

Further troubling, the number of Black households making less than \$25,000 a year in Pittsburgh increased from 38.0% in 2019 to 45.1% in 2021, and in Allegheny County from 34.7% to 35.6%.<sup>[10]</sup> This sharp increase in Black households with earnings hovering around the federal poverty line, combined with a loss of Black households and homeowners in the aggregate, suggests the possibility of a displacing mechanism moving moderate- and middle-income Black households to the suburbs of Allegheny County, or farther, while increasing the concentration of low-income and upper-income Black households in the city.

Again, this is plausible as we see a sharp decline of 11.4 percentage point in Black households with incomes between \$25,000 and \$75,000, and a 4.5 percentage point increase in Black households making greater than \$75,000. At the same time, Allegheny County did not experience dramatic shifts in income composition for Black households, with only a 1.5 percentage point decline in earners between \$25,000 and \$75,000 and a 0.6 percentage point increase in Black households earning greater than \$75,000.

## *Conclusions*

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<sup>[9]</sup> U.S. Census Bureau, Subject Table B19013, B19013A and B19013B Median Household Income in the Past 12 Months. (2019 and 2021 one-year estimates).

<sup>[10]</sup> U.S. Census Bureau, Subject Table B19001, B19001A and B19001B Household Income in the Past 12 Months. (2019 and 2021 one-year estimates)

Each scenario above provides a seemingly plausible explanation for the changes in homeownership in Allegheny County and the City of Pittsburgh. Without stronger data, such as a full five-year estimate taking place in the new census boundaries, it is hard to conclusively determine the causes. What we do know from the 2020 Census is that Black populations decreases took place in areas around the city that gained significant white populations (in East Liberty, Garfield, and Lower Lawrenceville). Furthermore, we know that areas in the County that showed significant gains in Black population also saw evidence of white flight (particularly in Penn Hills, Monroeville, Stowe, McKeesport, Turtle Creek, and others).<sup>[11]</sup> Given the history of Pittsburgh and the region regarding concentrations of poverty and race, PCRG will be keenly focused on this space moving forward.

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<sup>[11]</sup> U.S. Census Bureau, 2020 Census Redistricting Data Extracts (PL 94-171). *Prepared by Chris Briem, University of Pittsburgh Center for Social and Urban Research. (2022).* <https://data.wprdc.org/dataset/2020-census-redistricting-data-extracts>

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