Homeownership lies at the heart of the American Dream, representing success, opportunity, and wealth. Though, America deferred that dream for many of its citizens. For much of the 20st century, the devaluing of black lives led to segregation and racist federal housing policy through redlining that shut out chances for black people to purchase homes and build wealth. Still, homeownership remains a beacon of hope for all people to gain access to the middle class. And it should. Homeownership rates vary considerably between whites and people of color, but it’s typically the [largest non-depreciating asset](https://socialequity.duke.edu/sites/socialequity.duke.edu/files/site-images/FINAL%20COMPLETE%20REPORT_.pdf) among all people who hold it, regardless of race.

Laws have changed, but the value of assets—buildings, schools, leadership, and land itself— are inextricably linked to the perceptions of black people. And those negative perceptions persist.

On September 19, 2018, University of Mississippi alumnus, former faculty member and administrator, Ed Meek, [posted on Facebook two separate pictures](https://thedmonline.com/update-chancellor-campus-leaders-condemn-post-made-by-ole-miss-alumnus-donor-ed-meek/) of African American women along with the caption, “Enough, Oxford and Ole Miss leaders, get on top of this before it is too late.” For Meek, namesake of the Meek School of Journalism and New Media, the women’s presence apparently signaled the decline of the town of Oxford, home of the University of Mississippi.

“A 3 percent decline in enrollment is nothing compared to what we will see if this continues…and real estate values will plummet as will tax revenue,” Meek wrote. To be clear, the sheer presence of black women doesn’t devalue homes. However, signaling they do can negatively impact housing markets.

If we can detect how much racism depletes wealth from black homeowners, we can begin to address bigotry principally by giving black homeowners and policymakers a target price for redress.

In analyzing the devaluation of black homeownership, this report finds:

* Majority-black neighborhoods hold $609 billion in owner-occupied housing assets and are home to approximately 10,000 public schools and over 3 million businesses. We find that in the average U.S. metropolitan area, homes in neighborhoods where the share of the population is 50 percent black are valued at roughly half the price as homes in neighborhoods with no black residents.
* According to our analysis, differences in home and neighborhood quality do not fully explain the devaluation of homes in black neighborhoods. Homes of similar quality in neighborhoods with similar amenities are worth 23 percent less ($48,000 per home on average, amounting to $156 billion in cumulative losses) in majority black neighborhoods, compared to those with very few or no black residents.
* In U.S. metropolitan areas, 10 percent of neighborhoods are majority black, and they are home to 41 percent of the black population living in metropolitan areas and 37 percent of the U.S. black population. Though most residents are black (14.4 million non-Hispanic blacks) by definition, approximately 5 million non-black Americans live in majority black neighborhoods.
* Metropolitan areas with greater devaluation of black neighborhoods are more segregated and produce less upward mobility for the black children who grow up in those communities. This analysis finds a positive and statistically significant correlation between the devaluation of homes in black neighborhoods and upward mobility of black children in metropolitan areas with majority black neighborhoods.

What does devaluation measure? graphic section

We focus on owner-occupied homes for two reasons. First, home appreciation results in higher home values, and this brings wealth to owners. There is a large and well-known wealth gap between blacks and other racial groups in the United States, much of which can be attributed to differences in homeownership rates and the value of housing. Second, the devaluation of rental properties is advantageous to renters, in so far as it results in a lower rental payment for similar quality housing. The devaluation of owner-occupied housing makes it easier to acquire the home, but once purchased, it is unambiguously disadvantageous to the owner and occupier, who would otherwise benefit from being able to refinance, borrow, or sell at a higher valuation.

Devaluation of black homes – MAP INTERACTIVE

We restrict this analysis to the 113 metropolitan areas with at least one majority black neighborhood. We also give extra weight in the analysis to metro areas with larger black populations to reduce the influence of measurement error; as such, the estimates should be thought of as characterizing the experience of the average black person living in different types of metropolitan areas.

Find data by metropolitan area – DASHBOARD INTERACTIVE

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