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Houston's 'affordability' at stake: booming housing market pushes out Black and brown residents

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Assata Richards has lived in the Third Ward for most her life. But in the past few years, she's noticed the area southeast of downtown Houston change dramatically.

Richards, director of the Sankofa Research Institute, said the original sense of community in the Third Ward is slowly disappearing with expensive home development and gentrification creeping in. Despite that, she chooses to stay.



“I have a Ph.D. I don't have to live in a 700-square-foot house. But I choose to because I want to live a lifestyle that allows me to contribute to individuals other than those that are directly related to me,” said Richards, a third-generation Third Ward resident. “I believe that my life is rich by living in a neighborhood and a place that has a sense of care and well-being for all.”

With the boom comes a block

Houston is touted as one of the most affordable metro cities, but the recent housing boom has shown how the city is structurally not affordable for many of its current residents.

The housing market during the pandemic has been great for developers, sellers, and even some buyers who have been able to take advantage of low-interest rates. But the housing market continues to perpetuate the country's longtime history of leaving people of color— primarily Black Americans — out of the housing market and thus displacing Black and brown residents out of their communities.

Houston, the most diverse city in the nation with a 76.7% minority population, has a minority homeownership rate of just 35.8%, according to 2019 housing Census data analyzed by the Construction Coverage. The homeownership rate is 29.4% for Black Americans, 38.4% for Hispanics and 44.4% for Asians. Homeownership for white households is 56.3%.

Nationally, the homeownership gap between Black and white families in the U.S. is a staggering 30 percentage points, larger today than it was more than 80 years ago when the Federal Housing Administration was established in 1934, according to the 2021 State of Housing in Black America report.

Richards said the disparity within homeownership in Houston is “evidence of the systemic racism that plagues this city. It’s evidence of it. That despite all of the diversity that Houston has, all the celebration of its diversity, that African Americans, despite all their contributions and all their efforts, we remain the least, the last, and the forgotten.”

Depleted affordable housing stock

Shad Bogany, a real estate agent and a Houston Association of Realtors board member, said the biggest issue in housing right now is affordability.

Bogany argues that Houston hasn’t been an affordable homeownership market in five to 10 years, but it increasingly became more expensive during the pandemic as demand for housing skyrocketed. Because of that demand, affordable homes are no longer as cost-effective and the affordable housing inventory has been depleted.

According to the HAR reports, the median sale price of a singlefamily home in October 2019 was \$239,900. Two years later, the median sale price of a single-family home is \$305,000, an approximate 27% increase.

Bogany said he has not seen prices rise that quickly in recent history because of supply and demand. Affordable houses measuring 1,300 square feet would once sell for \$150,000 to \$170,000. Today, they sell for \$250,000, Bogany said. Meanwhile, the home affordability index in the U.S. is at its lowest point since 2008.

Belinda Everette, who oversees housing advocacy for The National Association for the Advancement of Colored People’s Houston branch, said developers aren’t driven to create affordable housing because of the lack of profit and incentive. Plus, labor shortages and supply chain disruption have increased the cost to produce homes.

“The inventory has been enhanced by new construction; however, there is a very limited pool of builders that are building affordable homes because they break even or make little profit,” Everette said.

Through the NAACP “Homes for Houston” program, Everette helps first-time homebuyers navigate the system. Everette said homeownership for the minority community is vital because

it's not only part of the American dream, but because homeownership helps create generational wealth. That in turn creates a culture of care. People tend to care more about their community — the people, the schools, and businesses — when they own a home.

Everette said because the system is not set up for first-time homebuyers of color — and is rooted against them with the history of redlining and lending refusal rates — she equips them with resources and necessary skills so they can buy a home.

Jacquetta Smith, who hosts the seminars for the NAACP, said many of her clients wanted to buy a house during the pandemic and build their wealth but many decided to wait and see if homes would drop in price because they could not compete financially. “High-income earners and people who were coming to our particular region from the West Coast or the East Coast who were accustomed to higher pricing, they were able to and willing to spend \$10,000, \$15,000 and even \$20,000 or more above the list price and the appraisal value,” Smith said. “And so for a lot of minorities, that just knocked them out the boat because they were not able to do that same thing.”

According to the Kinder Institute for Urban Research at Rice University, Houston’s affordability is becoming less accessible as middle-income renters, who are traditionally expected to buy a house, are finding themselves without the financial resources to buy a median-priced home in Houston or Harris County, thus forcing them to remain as renters.

Harris County needs more than 20,000 new affordable housing units per year, “primarily for households earning less than \$35,000 per year” to meet the housing needs for the projected population rise in Harris County in the next 10 years, according to the “My Home is Here” study that was commissioned by Harris County and completed by the Kinder Institute.

William Fulton, director of the Kinder Institute for Urban Research, said the gap between home prices and incomes has been growing, in both Houston and Dallas. Fulton added that traditionally, the two cities have had affordable housing, unlike California and Austin.

“Currently, what we've seen over the last few years is home prices are going up faster than incomes. For people who want to be homeowners, it's getting gradually more difficult to obtain a home that they want,” Fulton said.

Around 20 years ago, Fulton said a family with two people earning \$10 or \$15 an hour might have been able to buy a house somewhere. According to Fulton, many Hispanic immigrants who worked labor jobs were still able to buy a house over a long period of time, but that is becoming increasingly harder.

“Houston is a very affordable city if you're a two-income middleclass family from California. Houston is not an affordable city if your family consists of two low-wage service workers from Houston,” Fulton said.

Displacement of long-term residents

Fulton added the housing market is linked to gentrification because relatively expensive townhomes — from \$300,000- upwards to \$600,000 — are being built in neighborhoods like the Third Ward, Fifth Ward, and East End.

“That is simply not affordable to anybody who already lives in the neighborhood, or in fact, anybody who’s a low-wage worker,” Fulton said. “That’s what’s driving the gentrification and with those more expensive homes often comes a different kind of business that caters to those folks. So, even if people own their house and can afford the property tax, which is always the big problem, the neighborhood changes around them and many people are displaced.”

According to the Third Ward Comprehensive Needs Assessment by Baker Institute and Sankofa Research Institute in 2019, more than half (50.86%) of the respondents in the Third Ward reported an annual household income of less than \$10,000 and only 3.88% of residents had an annual household income of \$60,000 or more.

Fulton said neighborhoods in the central Houston area have been evolving and gentrifying for decades. In 2018, the Kinder Institute published a report on gentrification in Harris County that showed the areas with the highest probability of gentrifying at 98% were in the Third Ward. According to the census data, Black people now make up about 45% of the Third Ward, a drop from 71% in 2010.

While people have fled to the suburbs for larger homes during the pandemic, Richards said Houston’s urban core still has high demand for housing.

“The pandemic created a greater opportunity for the displacement and discarding of very vulnerable people,” Richards said. “I think it’s ironic that the children and the grandchildren of those who fled the urban areas, who created suburbs and who received subsidies from the federal government to the cities are now coming back and displacing the children, the grandchildren of those who were left behind and forsaken.”

Richards said because of housing discrimination, Black people remained in areas that were unwanted, and now that they’re desired again, developers, investors, buyers are disrupting the social safety net and destabilizing the history and culture of the neighborhoods.

“We stayed in communities that nobody wanted. Nobody wanted to live in Third Ward, Sunnyside, the Fifth Ward. Nobody wanted to live in these neighborhoods,” Richards said. “But those people who stayed behind now no longer have the opportunity, have the right, to remain in a community that they made and that they created and that they contribute to. I think it’s one

of the greatest American tragedies to ever exist and a continuation of a history of injustices to African Americans.”

Fulton said as gentrification gets worse, the opposition will increase.

“People will come to view development and real estate investment in a neighborhood as a bad thing, and they will seek to repel it,” Fulton said. “So alleviating the displacement issues associated with gentrification are extremely important to maintain a positive public attitude about development generally. And of course, Houston has always been one of the most development-friendly cities in the country.”

Currently, The Houston Coalition for Equitable Development without Displacement, a coalition of over 30 community groups, is protesting the Innovation District over further gentrification concerns in the Third Ward. Uyiosa Elegon, co-organizer of UCEDD, said communities have seen the pattern of gentrification in the city of Houston before, so they’re demanding a community benefits agreement with the developer Rice Management Co. to build an innovation district that works with the residents and to set a new precedent for equitable development without displacement in Houston.

Elegon said preserving the neighborhood is key because that is what allows the residents in the area to thrive and keeps the history and culture of the area intact. Elegon said people talk about honoring the life of George Floyd, but they’re destroying the very community where Floyd lived in Houston.

“So when we discuss Black Lives Matter, we're actually discussing communities. We're talking about Black communities mattering,” Elegon said. “And if anyone was really serious about the life and legacy of George Floyd, then they would focus on the very communities that kept him alive.”

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