



HOUSING'S INTEGRAL ROLE TO PROMOTE EQUITY & INCLUSION

By Melissa Radic, Managing Director of Investor Relations & Capital Markets, IMPACT Community Capital

Affordable housing can be a driving force to promote equity and inclusion within our communities, particularly as the U.S. rental market is experiencing unprecedented price increases. **Researchers at the Joint Center for Housing Studies of Harvard University (JCHS)** found that during the third quarter of 2021 rents spiked nearly 11% on average, as vacancy rates shrank considerably. In prime urban markets, the percentage of available rental units stood at just 6% as of the end of Q3.

The rapid escalation in rental prices is increasing pressure on individuals and families throughout the country and disproportionately impacting people of color. Per the **National Low Income Housing Coalition's "Gap Report,"** 59% of all Black households and 54% of all Latinx households rent versus own their homes. By comparison, 28% of White households are renters. Additionally, 20% of Black renters and 14% of Latinx are considered "Extremely Low Income" households, earning less than 30% of Area Median Income (AMI). For these Extremely Low-Income renters, affordable housing availability is even more challenged as there are only 37 affordable and available rentals per every 100 renters. And as market rate rental prices move further out of reach, low income renters are left with fewer options, which exacerbate racial disparities.

FACING THE BARRIERS TO EQUALITY

To put the racial wealth gap into context, according to the Bureau of Labor Statistics, Black and Hispanic employees continue to earn considerably less than other demographic groups. For instance, the median earnings of Black men, aged 25 and older, **are \$807/week or \$20.17/hour**, which is 71.5% the median earnings of their White peers. Median earnings of Hispanic males are \$845/week or \$21.12/hour, which is 74.8% the median earnings for White men.

Given these glaring disparities, it's no surprise that rising rents disproportionately burden people of color. According to the **NLIHC's latest "Out of Reach" report**, a full-time worker needs to earn an hourly wage of at least \$24.90 to afford the average two-bedroom market-rate rental in the U.S. This is not only far greater than the federal minimum wage (\$15.55/hour), it also exceeds the median hourly wage of Black and Hispanic men.

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Income disparities aren't the only factors that contribute to housing insecurity. Researchers from Princeton University and Rutgers have quantified the extent to which Black renters account for a disproportionate share of eviction filings and judgments. The research, **published in "Sociological Science" in December**, outlined that while Black tenants accounted for just 19% of all adult renters in their sample, they represented one third of all eviction filings. Both Black and Latinx women experienced an eviction-filing rate nearly double that of White women. The researchers noted that their findings are also consistent with previous literature suggesting "the threshold for filing [for eviction] against White renters is higher than the threshold for filing against Black and Latinx renters." Moreover, the data underscored that for Black and Latinx parents, and women in particular, children represent "a risk factor" that increases the odds of eviction.

There is no silver bullet for solving the systemic issues that are often at the root of the inequalities behind the wealth gap and housing insecurity confronting people of color. Affordable housing, however, can be a gateway to equity and inclusion. IMPACT's mission is to deliver capital in scale to communities where it can have the greatest impact.

Through our work at IMPACT, we aim to help bridge the racial wealth gap by providing more access to affordable housing. Across our properties, the average tenant saves \$245 per unit per month. For tenants earning less than 30% of the Area Median Income, they save an average \$600/month in a 2-bedroom apartment. These savings can provide an invaluable safety net for tenants and enable them to fund other essential needs, from food and healthcare to education and transportation. (See our most recent **Impact Report for more information** on these statistics.)

At IMPACT we invest with the intent of creating transformational change in underinvested communities, and we believe stable, affordable housing is essential to creating sustainable, diverse communities and transforming lives.

BLACK TENANTS ACCOUNT FOR ONLY

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... yet represent

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