

*A Tale of Two Cities: Comparing the Experiences of
Low-Income and Middle Income Homeowners*

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Introduction

For the past five years or so I have been saying that my goal in life is to eliminate poverty. Recently I have re-articulated my goal, and now my goal in life is to create abundance.

In addition to putting a more positive spin on it, the re-articulation of the goal is motivated by a strong belief that resources, particularly in the United States, are plentiful, and that creating abundance is a distinct possibility.

What I see as I explore the issues of wealth and poverty in this country is a growing disparity between the situations of the rich and the poor. The cliché that “The rich get richer and the poor get poorer” seems truer today than ever before. However, given the dramatic increase in the number of millionaires in the U.S., and the unprecedented period of steady growth in the economy, I am looking for a way to bring about the truth of another cliché that “A rising tide raises all boats.” I want to look squarely at the reality of the growing wealth disparity and all its implications, and at the same time take a stand for abundance for all. My answer to the question

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“What will it take to create abundance in this society?” is three-fold: It will take 1) a clear understanding of where we are as a society: What are the facts? What are the numbers? What are the disparities between rich and poor? 2) It will take a clear understanding and analysis of the underlying social issues that have an impact on wealth disparity -- Race, Education, Access to Health Care, and the Environment, among others. I would include in the analysis a discussion of the factors that make for healthy societies. And, 3) it will take a genuine commitment to take action steps that will contribute to creating abundance.

In this article I continue my inquiries into issues of affordable housing for low income people. Homeownership is a major feature of the American Dream, and homeownership is one of the areas where wealth disparities show up in stark relief. In this article I explore the experiences of low-income people as compared to those of middle-class people as they venture through the realm of home ownership. In Part I, I tell the story of a first time home buyer who had high hopes for her financial future when she bought her home in 2005, and who now is on the brink of losing that home. The terms of her purchase are in sharp contrast to the far more favorable situation of a middle income home buyer who purchased at a time of record low residential mortgage rates.

In Part II, I describe the phenomenon of wealth inequality in the United States, demonstrating that the gap between rich and poor is widening. This section also contains a discussion of racial inequality which is necessary to any discussion of wealth inequality.

Part III discusses the home ownership incentives and programs that are available to low-income home buyers, and compares those programs with the supports and incentives available to middle income people.

The recent rise and fall of mortgages in the sub-prime market, the rise of predatory lending, the escalation in foreclosures and bankruptcies is discussed in Part IV. In fact the collapse of the mortgage markets has had an enormous impact on both poor and middle-class

homeowners, so there are important similarities to be drawn here.

Finally, in Part V, I recommend some Proposed Action Steps that will help alleviate disparities in wealth between rich and poor homeowners, and which will better enable low-income homeowners to take advantage of the wealth-building opportunities in their homes.