FROM RENT TO RICHES?

A Profile on the Wealth and Financial Well-Being of Renter Households

FINANCIAL SECURITY PROGRAM
aspen institute

Acknowledgments

K. Steven Brown and Shehryar Nabi authored this report with contributions from Katherine Lucas McKay. We are grateful to our Aspen FSP colleagues Genevieve Melford, Joanna Smith-Ramani, Julia Rocchi, Sheida Elmi, and Tim Shaw for their assistance, comments, and insights in the development of this brief. We would also like to extend our gratitude to the Capital One Insights Center for their partnership and financial support. The findings, interpretations, and conclusions expressed in this report—as well as any errors—are Aspen FSP's alone and do not necessarily represent the views of its funders.

About the Aspen Institute Financial Security Program

The Aspen Institute Financial Security Program's (Aspen FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit AspenFSP.org, join our mailing list at http://bit.ly/fspnewsletter, and follow @AspenFSP on X and The Aspen Institute Financial Security Program on LinkedIn.

EXECUTIVE SUMMARY

Personal wealth—savings and assets minus debts—is a central component of household financial security for families at all income levels.[1] Obtaining homeownership is frequently and justifiably viewed as a primary way to build secure and sustainable wealth in the United States, particularly for low- to moderate-income households. Indeed, home equity is the largest source of wealth for most people in the U.S. But the path to owning a home is becoming narrower and more challenging to navigate; while many of today's renters will eventually build wealth through homeownership, a growing number will not.

Today's 45 million renters[2] in the United States are relatively young and diverse, representing the future of our economy. Over one-third of U.S. households are currently renters, and both the number and percent of renter households are expected to increase.[3] Whether or not they ever become homeowners, renters still need alternative and additional options to grow their savings and wealth over time, across each stage of their adult lives.

This report examines the current financial picture of renter households in the United States and highlights the challenges and opportunities for renters to strengthen their financial well-being, drawing on the Aspen Institute Financial Security Program's (Aspen FSP) framework for household wealth building. In so doing, it provides fresh insights into the balance sheets of renter households and the conditions that support increased wealth, including a first-of-its-kind window into renters' asset ownership. This report also provides context to the relative financial strength of renters in a subset of local markets.

Key Findings

- **Renters have less than 3 percent of the wealth of homeowners**, with a median net worth of $10,400 compared to nearly $400,000 for homeowners.
- **The renter-homeowner wealth gap is not due solely to home equity.** Median home equity ($200,000) is just over half of the amount of median net worth for homeowners,[4] indicating that much of homeowners' wealth also comes from other assets. Indeed, 78 percent of homeowners own a potentially appreciating asset *other than their primary residence*, compared with only 48 percent of renters.
- **Renters have lower levels of financial stability and wealth at all income levels compared to homeowners.** At every income quintile, renters have less positive cash flow, more burdensome debt, fewer savings, and lower rates of asset ownership.
- **The foundational challenge to renter wealth building is financial instability.** Only 39 percent of renter households have income that exceeds their household spending, compared with 54 percent of homeowners, a challenge driven in part by relatively higher housing costs for renters.
- **Renter net worth increased by 43 percent between 2019 and 2022—more than the 34 percent increase for homeowners**—driven in part by pandemic-era income supports which allowed them to pay down debt and invest in other asset types, such as stock ownership and business equity.

Recommendations

This report offers three pathways to advance the wealth and financial well-being of renters—based on the challenges and opportunities identified in our research—with specific strategies for each. By addressing these challenges, public and private sector leaders can help renters gain access to the same level of wealth-building opportunities that homeowners enjoy.

- **Addressing rent cost burdens and limited residual cash flow.** Strategies here relate to raising renters' income and wages, expanding rental assistance, boosting the supply of affordable rental housing, and expanding tools to protect renters from harmful debt.
- **Increasing renters' access to and acquisition of a broader portfolio of assets.** Strategies here include approaches to building renter wealth through cash and retirement savings, Early Wealth Building Accounts, and increased access to innovative asset classes (particularly through shared ownership of real estate or other assets).[5]
- **Smoothing the pathway to homeownership.** Strategies here include approaches to expanding access to homeownership via down payment assistance and improvements to credit scoring, strengthening the supply of starter homes, and helping renters more easily maintain homes and properties that might be passed down by family members.

This report explores the question of how renters—especially the ones who do not become homeowners—can broadly increase their wealth. The trends indicate positive developments in recent years across nearly all measures except cash flow. Building renter wealth is achievable. However, most renter households are starting from a low baseline, and recent progress is neither sufficient nor guaranteed to continue, especially in light of increasing costs and the end of pandemic-era policies providing financial support to households.

But it is progress. And we should work to sustain and accelerate it, especially given the increasing challenges of accessing and maintaining homeownership. We invite leaders across sectors to advance a broader, renter-focused approach to wealth building, ensuring that all households, regardless of homeownership status, have the tools and resources to achieve financial security and resilience.

WHAT'S IN THIS REPORT?

4 Introduction

6 Who Are America's Renters?

10 Pandemic-Era Shifts in Renter Financial Well-Being

14 Measuring the Current State of Renters' Wealth-Building Conditions

24 Renter Household Profiles: Three Examples

27 Solutions to Address and Accelerate Renter Wealth and Financial Well-Being

31 Conclusion

32 Appendix

44 Endnotes

INTRODUCTION

Increased financial well-being and prosperity for renter households is essential for a truly inclusive and equitable economy. Wealth provides people with the resilience they need to manage life's inevitable shocks and maintain a reasonable quality of life. As families acquire more resources, they can boost their quality of life, invest in their own and their children's economic futures, and ideally pass down the benefits of wealth to future generations.[6]

Obtaining homeownership is frequently and justifiably viewed as a primary way to build secure and sustainable wealth in the United States, particularly for low- to moderate-income households. Home equity is the largest source of wealth for most people in the U.S., and in addition to the wealth, homeownership provides stable housing costs and living situations.[7]

While many of today's renters will eventually build wealth through homeownership, a growing number will not. The path to homeownership is becoming narrower and more challenging to navigate. Home prices are near record highs, with median sales prices nearly doubling since 2009 (from around $220,000 to over $427,000 by 2024).[8] Moreover, the share of first-time homebuyers has dwindled to record lows in recent years.[9] First-time buyers are also entering homeownership at older ages (35 years old), with higher incomes ($95,900), and their median down payments were larger in 2023 than they had been in nearly 30 years (8 percent).[10, 11] These trends not only point to higher entry costs, but also suggest recent first-time homeowners will experience the benefits of home equity later in life than past generations.

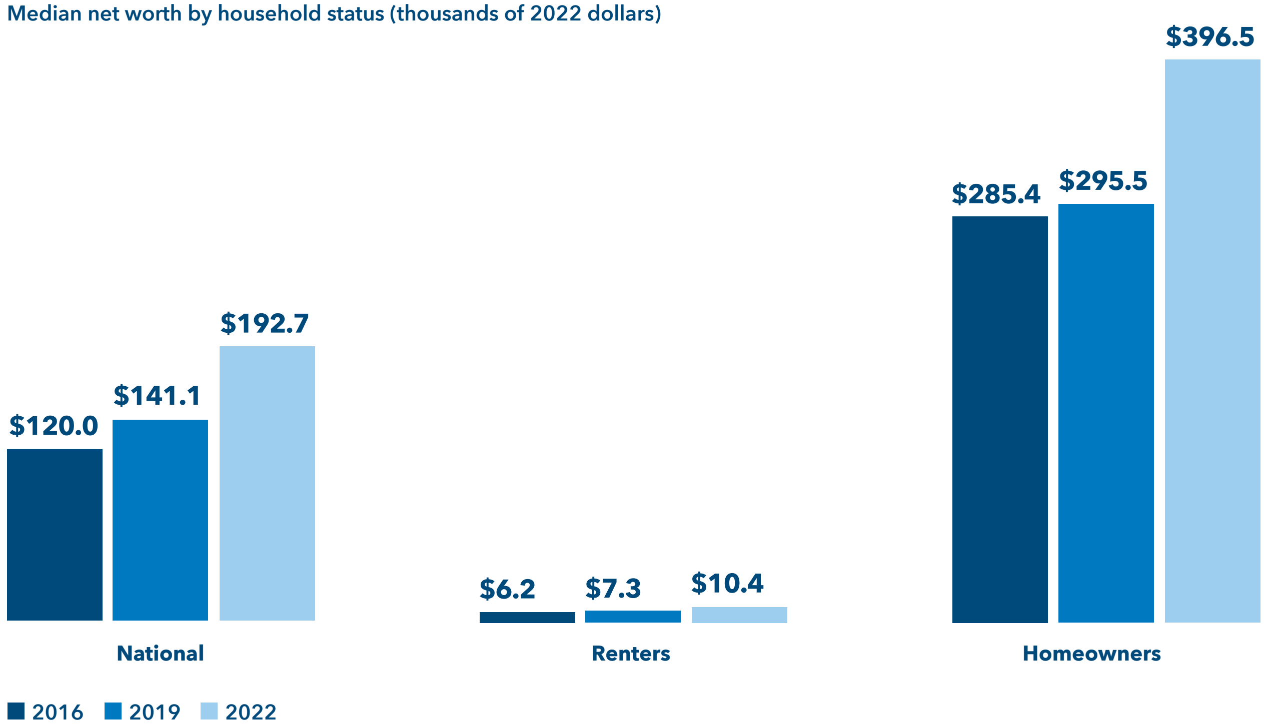
Wherever they eventually settle, renters still need options to grow their savings and wealth over time, and across each stage of their adult lives. Today's 45 million renters[12] in the United States are relatively young and diverse, representing the future of our economy. Over one-third of U.S. households (34.7 percent) are currently renters, and both the number and percentage of renter households are expected to increase.[13] Forecasts predict that the United States will see an increase of 9 million net new renter households between 2020 and 2040.[14] Renters' wealth has increased in recent years (Figure 1), but as of 2022, nearly 90 percent of renter households remain in the bottom half of the wealth distribution.[15]

In Aspen FSP's 2023 publication, The New Wealth Agenda, we established our North Star goal: to increase by ten-fold the wealth owned by the bottom half of the wealth distribution and by people of color by 2050.[16] We cannot meet this goal without radically improving the financial well-being of renter households. Challenging long-held assumptions about who can and should build wealth—and how they can build it—is the first step to expanding opportunities for all households to share in prosperity.

The first step in identifying the potential opportunity to expand wealth for renters is clarifying the current financial picture of renter households in the United States. Much of the focus on the finances of renters centers on rent cost burdens, and rightfully so. Housing is the largest expense most households have, which can be particularly limiting for renters, who often have lower incomes and fewer financial resources upon which to draw. However, while housing is the largest expense, it represents only one aspect of a household's balance sheet.

This report draws upon prior frameworks developed by the Aspen Institute Financial Security Program to consider cash flow, savings, debt, and asset ownership—key measures of financial well-being—among renters in the U.S. Throughout our analyses, we compare renters explicitly to homeowners, not because homeownership is the singular ideal or goal for every household, but as a way to both highlight the potential for renters to gain wealth through multiple pathways and to have an explicit "non-renter" population for comparison.

Figure 1
Wealth Increased for All Household Types, But Renters Remain Far Behind
Median net worth by household status (thousands of 2022 dollars)



Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Renters should have the supports needed to build greater financial well-being and wealth, regardless of whether or not they eventually own their home.

As we have previously emphasized in our work on the Foundations of a New Wealth Agenda:

> *"Personal wealth is a central component of household financial security. It is a requirement for the well-being of families with lower incomes just as it is for those with higher incomes… Families with little to no wealth and those with low or moderate income aspire to build wealth just as those with higher wealth and higher earnings do, in part because having wealth both represents and materially provides financial security and freedom."*[17]

Renters should have the supports needed to build greater financial well-being and wealth, regardless of whether or not they eventually own their home. From assistance in attaining the substantial resources needed to buy and maintain a house to establishing a reasonable portfolio of other assets for those who may never purchase a primary residence, the need for a renter-focused wealth building approach is clear.

WHO ARE AMERICA'S RENTERS?

Renter households are diverse, and their numbers continue to grow

The number of renter households has grown steadily since the Great Recession, totaling a new high of over 45 million in 2022, which represents over one-third of all households.

Their median age is younger than that of homeowners, but people of all ages are renters. While most renter household heads are under 45 years old (with one-third under 35 years old),[18] the percentage of renters over 65 has been rising since 2001.[19]

They are racially diverse. About half of renters are white, and about half are people of color.[20] The differences in racial distribution between renters and homeowners reflects both the history of discrimination in homeownership and the continued challenges people of color face in trying to purchase a home.[21]

Table 1: Demographics of Renter and Homeowner Household Heads, 2022

	U.S. Adults	Renters	Homeowners
Median Age	48	42	57
Median Income	$74,580	$49,201	$92,310
% Female	50.4%	54.4%	49.3%
Race and Ethnicity			
White	60.5%	49.6%	71.6%
Hispanic/Latino	17.2%	20.4%	11.4%
Black	11.6%	19.1%	8.1%
Native American	0.5%	0.6%	0.4%
Asian/AAPI	6.2%	5.6%	5.1%
Additional races	4%	4.8%	3.4%
All people of color	39.5%	50.5%	28.4%
Education (Highest Level)			
HS Diploma	34.5%	35.1%	29.9%
Bachelor's or more	35.7%	30.7%	42.5%
Living with a disability	17.4%	19.7%	16.2%

Source: U.S. Census Bureau, American Community Survey (ACS) 1-Year Estimates, 2022

Renter households have disproportionately lower incomes, but a large and growing number of renters have higher incomes

As of 2022, just over half of renter households earned under $50,000 a year. Many renters under this income threshold live in fragile housing situations, unable to access housing assistance but still at risk of eviction.

Among lower-income households, around 5.2 million of them receive some form of federal housing assistance (such as Housing Choice Vouchers or public housing). Another 14 million very low-income households—most of whom pay more than half their income in rent[22]—are eligible, but do not receive any federal assistance. Furthermore, in their most recent analysis, the Eviction Lab found that 6 out of every 100 renter households were threatened with eviction and estimate that over 7 million people face eviction every year.[23]

Twenty percent of renters earned over $100,000 a year. Renter households with incomes over this mark have been the fastest growing segment of renters over the past decade (growing from 15.3 percent of renters in 2013 to 19.7 percent by 2019, reaching 19.9 percent of renters by 2022). Notably, the bulk of the growth among higher income renters occurred by 2019, before the pandemic-era income supports. The income distribution of renters has generally shifted upwards, with the percentage of renters making over $50,000 (in 2022 dollars) growing since 2013.[24]

Though concentrated in metropolitan and urban areas, renters live in a wide array of housing types and are well represented all across the country

In states across the country, the proportion of renter households range from 26 percent in West Virginia to 46 percent in New York.[25] Renter households are more likely to live in large metros than the average household. Over 81 percent of renter households live in counties in metropolitan areas with more than 250,000 residents, compared to 77 percent for all U.S. households.[26]

Around 31 percent of renters live in single-family housing. Of the nearly two-thirds of renters (64.5 percent) who live in multi-family housing, the most common building types are duplexes-to-fourplexes (17.5 percent of all renter households), followed by large buildings of 50 or more units (16 percent of all renter households), with the remainder living in buildings of in-between size.[27]

While most renters will own a home at some point, there is likely no typical path

The assumed trajectory of renting to homeownership in early adulthood may be not the norm. Earlier research found that only 16 percent of renter households with heads between 21–34 years old transitioned into becoming homeowners over a 4-year period, and even fewer transitioned into homeownership from rent-burdened households.[28]

Additional research on older adults found a wide assortment of housing arrangements over their adulthoods. In 2015, most Baby Boomers had owned a home for the bulk of their adult lives. Only 4 percent stayed renters for decades, and 25 percent had a range of transitions moving back and forth between owning and renting (some multiple times).[29]

While most renters do aspire to become homeowners—citing income, savings, and cost concerns as their primary barriers—many of them are satisfied with their current arrangement. A Federal Reserve study revealed that 57 percent of renters find renting more convenient and flexible than homeownership and 36 percent simply prefer to rent.[30]

While most renters do aspire to become homeowners–citing income, savings, and cost concerns as their primary barriers–many of them are satisfied with their current arrangement.

PANDEMIC-ERA SHIFTS IN RENTER FINANCIAL WELL-BEING

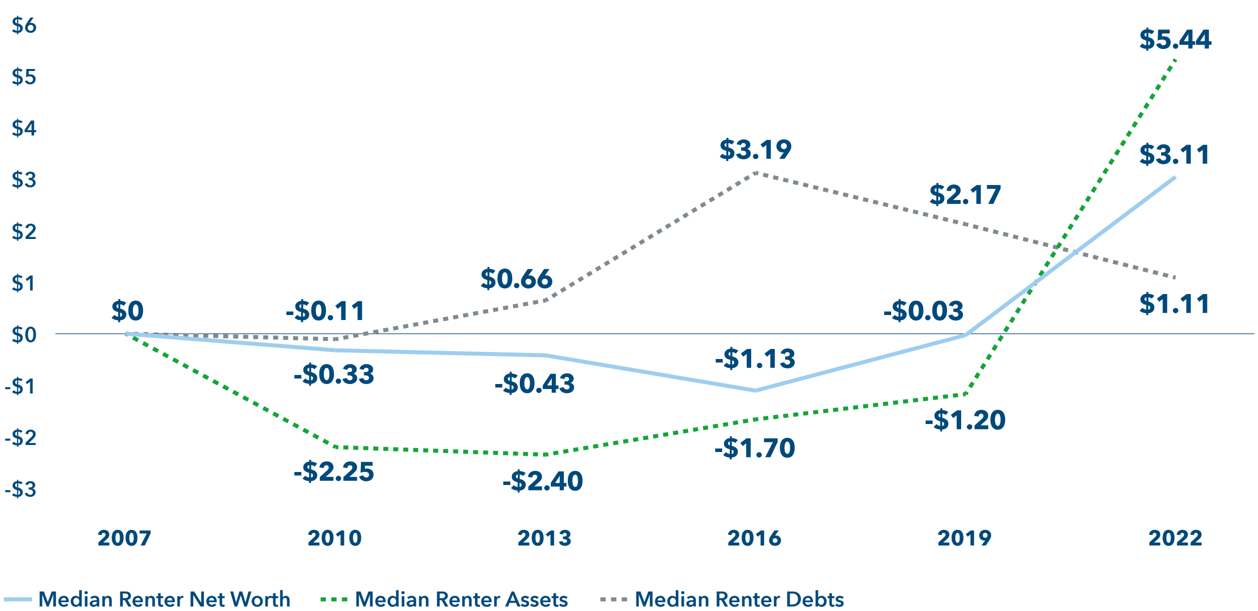
The past several years—characterized by the COVID-19 pandemic and its myriad challenges—have been an eventful period for the financial well-being of renters, with upsides and downsides. On the positive side, renters experienced spikes in their incomes and savings early in the pandemic via economic impact payments (i.e. "stimulus payments") and unemployment insurance.[31] Renters are also more likely to hold student loan debt and benefited disproportionately from student loan payment pauses. Moreover, renters experienced essential stabilizing relief in the form of eviction moratoria and emergency rental assistance, which the Eviction Lab found led to cutting evictions by more than half in many cities.[32]

These pandemic-era policies contributed to a 43 percent increase in real net worth for renters between 2019 and 2022, driven both by record asset value gains and steady declines in debt, lifting renter households to their highest median wealth level on record at $10,400 (Figure 2).

This period also marks the point in which both net worth and asset values for renters returned to and exceeded where they were before the Great Recession. However, even with recent declines, debt levels remain elevated relative to 2007 and near record highs.

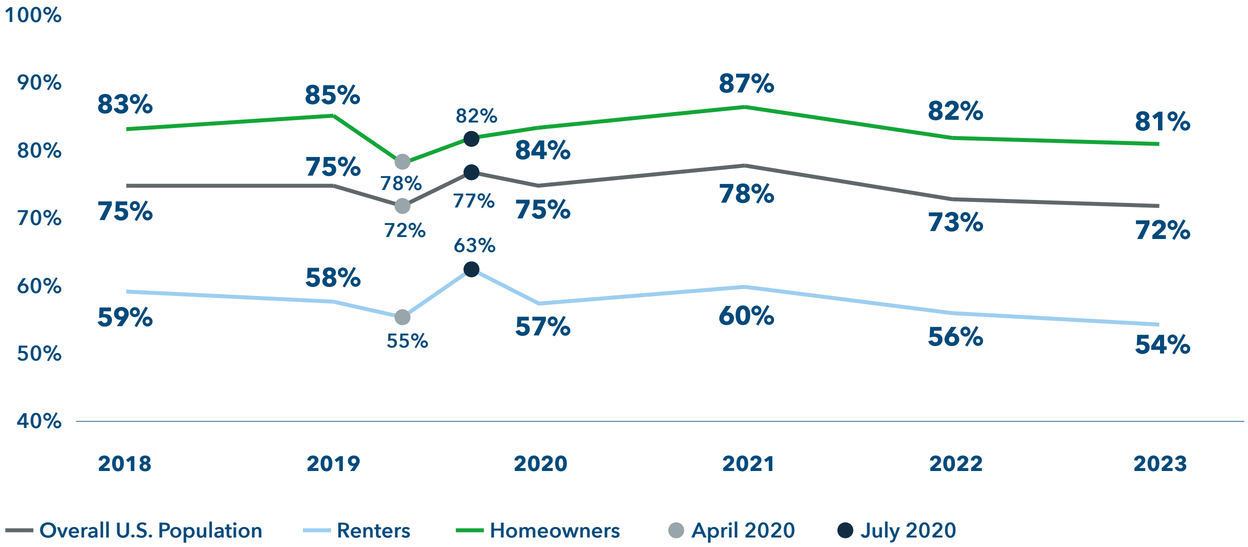
The pandemic-era conditions that negatively affected renter households mostly related to financial stability rather than wealth building, driven in part by substantial increases in housing costs. Rents rose rapidly during the pandemic due to substantial shifts in demand. Renters who could afford to sought more space and fewer housemates. Some renters also sought out less expensive markets, with the influx of new residents driving up asking rents in their new locales. And as inflation rose, competition increased for any remaining affordable units. Preferences changed faster than the market could respond, especially given slower building and fewer new units coming online during the pandemic. And the corresponding higher payments cut into renters' cash flow.

Figure 2
In Recent Years, Renters Saw Gains in Median Net Worth and Assets, Declines in Median Debt
Changes in renter households' median net worth, assets, and debt relative to 2007 (thousands of 2022 dollars)



Source: Federal Reserve Board, Survey of Consumer Finances (SCF)
Note: 2007 Median Net Worth for Renters – $7,300; 2007 Median Assets for Renters – $19,460; 2007 Median Debt for Renters – $13,090. All values in 2022 dollars.

Figure 3
Renters Consistently Have Lower Self-Reported Financial Well-Being
Households that say they are "at least doing okay financially" by housing status, 2018–2023



Source: Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED)

As a result, increasing rent costs have become an especially acute challenge since the start of the pandemic. Median asking rents rose 27 percent nationally between early 2020 and August 2022.[33] Rents have fluctuated since 2022, and in some places have fallen from their 2022 peak, but largely remain elevated relative to 2020.[34]

Rent cost burdens have also peaked: Half of all 45 million renter households are spending more than 30 percent of their pre-tax income on housing costs. Moreover, 27 percent of renter households are contributing more than half of their pre-tax income toward rent and other related housing costs.[35] The higher housing costs impacted their ability to move as well. Increases in home sale prices constrained the pathway from renting to homeownership, limiting renters' transition to potentially more stable housing costs and increased wealth building.

Inflation-driven cost increases extended beyond housing to other essential goods and services, further challenging renters' financial well-being. Recent research found that renters across the income distribution are saving less and the majority of renters are cutting back on spending more generally due to high rent and other costs.[36] Renters have also seen increased cost pressures due to higher-priced food, gas, energy, and other expenses.[37] Data from the Federal Reserve (Figure 3) shows that renters typically report "doing at least okay financially" at lower rates than U.S. adults more broadly and have seen their financial well-being by this measure consistently fall since the start of the pandemic. As of 2023, just under 55 percent of renters report that they were in a financially solid position.

By these and other measures, renter households are facing meaningful challenges. The median renter has a small fraction of the wealth of the median homeowner, and renters' self-reported financial well-being has been falling since 2020.

But by other measures, renter households have seen promising and meaningful progress. Their net worth increased since 2016, driven by increases in asset holding and asset values (particularly among vehicles), with declines in debt. While the dollar amounts for renters are not nearly as substantial as the increases for median households or homeowners, the direction is encouraging. Renter wealth must start somewhere, and examining the progress from recent years can offer insights into the factors fueling these gains and where additional supports are needed.

Renter households are facing meaningful challenges. The median renter has a small fraction of the wealth of the median homeowner, and renters' self-reported financial well-being has been falling since 2020.

These contrasting findings compel a deeper consideration of the full scope of renter households' financial well-being. Wealth and financial well-being have the best chance of advancing and sustaining only when households have a healthy baseline of financial stability, including routinely positive cash flow, personal resources such as savings and credit, and sufficient private and public benefits to insure against setbacks and help maintain their financial resources.

In this way, wealth can be thought of as what comes out the end of a pipe. Turning a trickle into a steady stream requires an increasing flow, removing blockages, and the repairing of leaks. The following section takes a closer look at the "pipes" of renter financial well-being to identify where problems arise and what opportunity could look like once challenges are addressed.

MEASURING THE CURRENT STATE OF RENTERS' WEALTH-BUILDING CONDITIONS

Acknowledging the wide variation of experiences, renters generally tend to have lower incomes and much less wealth, and fare lower on financial well-being metrics than homeowners. However, this divergence in financial security is not explained fully by a lack of owning a home, or even lower income. Median home equity ($200,000) is only slightly more than half of the amount of median net worth for homeowners,[38] suggesting that much of homeowners' wealth comes from other assets and opportunities—assets and opportunities that should be comparably or equally available to renters given sufficient financial stability.

Aspen FSP has outlined the process for renters to achieve financial stability and eventually build wealth. There are five conditions and one precondition needed to move along the pathway to grow and maintain wealth.[39] The conditions build upon each other, starting with a foundation of financial stability and ideally ending with a stable and secure reserve of resources.

In this section, we apply a modified version of our **Conditions to Support Wealth Building** framework (which is captured in Figure 4) to renters in the national context, focusing on their:

- Cash flow and debt, as part of financial stability;
- Savings, as a bridge between financial stability and investible money;
- Credit, as part of consumer-friendly financing and;
- Existing asset ownership, as a way to understand access to assets and potential wealth-building opportunities.

For more details about data and analysis, see the methodological appendix.

Figure 4
Five Conditions—and One Precondition—Support Wealth Building
People need each of the conditions below to be available to them—and at the right time—to build wealth

PRECONDITION

Financial Stability

Short-term financial stability is typically characterized by having routinely positive cash flow; low or no harmful debt; an ability to build financial cushions; and access to quality public and workplace benefits that provide protection against extraordinary shocks.

FIRST

Amass Investable Sums

1 Investable Money

Money, beyond what is needed to meet short-term needs, that can be used for investments and asset purchases.

NEXT

Purchase Assets or Make Investments

2 Affordable Assets to Purchase

Access to investment options, such as real estate, post-secondary education, and financial assets, that are affordable, high-quality, and that meet people's needs.

3 Consumer-Friendly Financing Options

For larger investments, many families need access to safe and affordable financing to supplement their investable money, and this often requires a good credit score.

4 Information and Confidence to Navigate Wealth-Building Decisions

Access to the knowledge and skills needed to confidently navigate the asset purchasing process. People must be able to see themselves as investors to engage in these processes.

FINALLY

Maintain Wealth

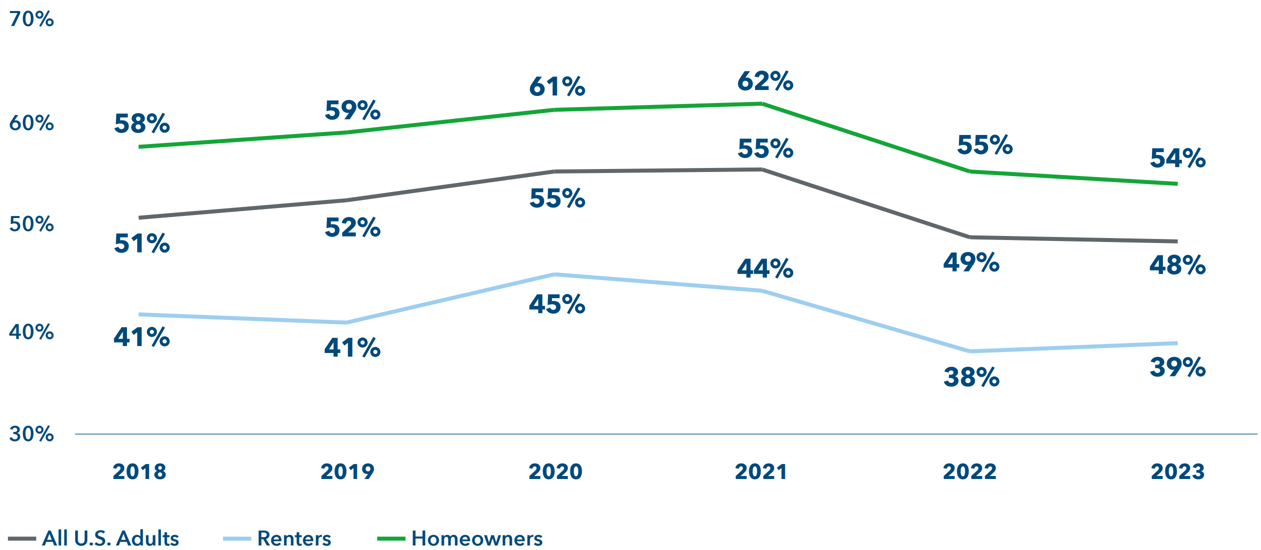
5 Wealth Protection

After purchasing and building up wealth-creating assets, people must have the ability to maintain and protect their wealth from loss.

Cash Flow

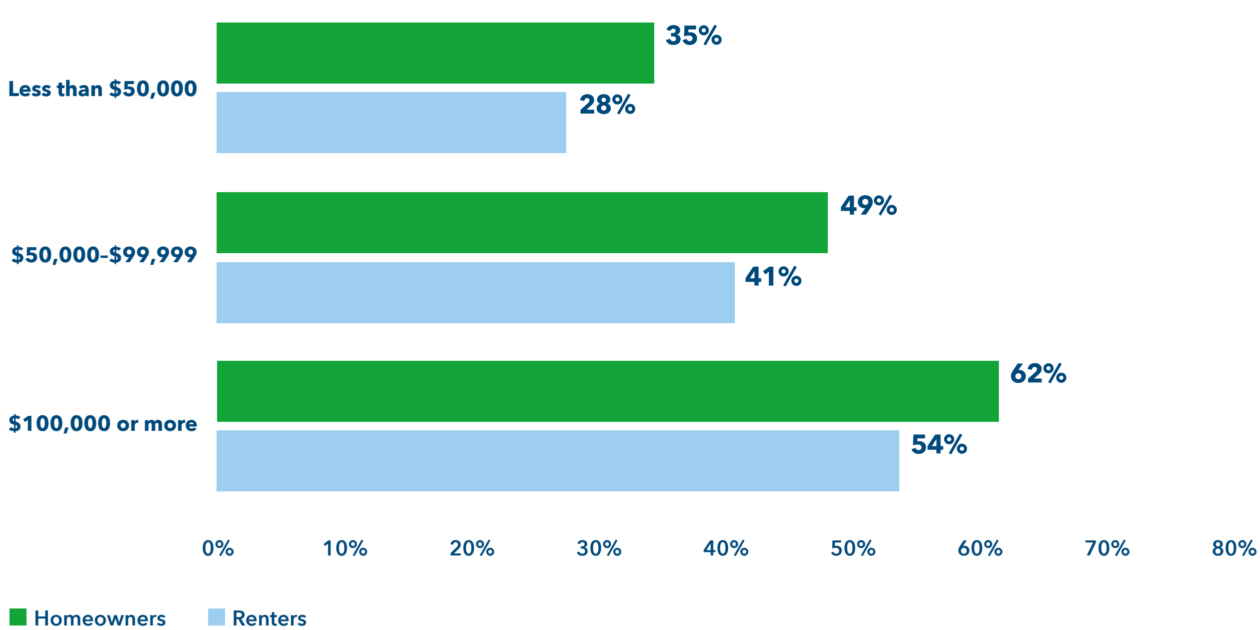
Routinely positive cash flow—excess income after all household spending—is essential to financial stability and is a necessary precondition to build and grow wealth. Renters tend to have weaker cash flow which can translate to fewer resources to dedicate to savings, debt reduction, or asset purchases.

Figure 5a
Renters Consistently Have Lower Rates of Positive Cash Flow Than Homeowners
Households with income exceeding expenses in the prior month, 2018–2023



Source: Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED)

Figure 5b
At All Income Levels, Renters Have Lower Rates of Positive Cash Flow Than Homeowners
Households with income exceeding expenses in the prior month by income level, 2023



Source: Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED)

Well under half of renters had income left over after paying all their expenses for the month.

Figure 5a shows renters consistently have lower rates of positive cashflow than homeowners. Even during the peak in 2020, less than half of renters had income left over after paying all of their expenses for the month. Household rates of positive cash flow also fell broadly following 2021, after the winding down of pandemic-era supports (such as the stimulus payments and the expanded child tax credit) and increases in cost of housing in particular, but also groceries, transportation, and other household expenses.

Overall, higher-income households are more likely to have excess income by the end of the month, but analyzed across income ranges, renters tend to have lower rates of positive cash flow than homeowners (Figure 5b).

Renters also tend to spend more of their income on housing costs than homeowners, constraining spending elsewhere as well as savings. Nationally, half of renters spend 30 percent or more of their income on rent and associated month-to-month housing costs, compared to less than one-third of homeowners with a mortgage (though the housing cost burden for homeowners has also risen to a new high in recent years).[40] Rising rents are especially challenging for low-income renters, who often do not have enough for basic expenses—in 2022, the median household with less than $30,000 in annual income had only $310 each month after covering housing expenses.[41]

Debt

Maintaining little to no harmful debt also serves as a core part of financial stability. Most households in the U.S. carry some form of debt, which can be used to finance the purchase of significant assets, pay for education, or self-insure against financial shocks. But when debt becomes excessive or difficult to manage, households can fall behind in cash flow, compromising wealth-building goals. Renters' debt loads are decreasing, but they struggle more with late payments and hold student loan debt at higher rates than homeowners.

Even though median debt is decreasing, renters are more likely than homeowners to be burdened by their debts (Table 2a). The percentage of renters with any late debt payments in 2022 remained steady at about 18 percent (consistently about twice the rate for homeowners). And renter households have higher debt-to-income ratios than homeowners, though that ratio has decreased as well in recent years. The difference persists across every income quintile, with renters having relatively higher late payment rates than homeowners in the same income bracket, though late payments generally decrease in line with higher incomes.[42] Renters' higher late payment rates in particular suggest more burdensome debt, negatively impacting other aspects of financial well-being such as cash flow and creditworthiness.

Across types of debt held, renters, in part due to their younger age, are more likely to hold student loan debt than homeowners, with student loans being renters' largest debt held by median value (Table 2b). The costs of student loan debt also suppress savings for a down payment on a home and the net income figures that mortgage lenders use to qualify a loan, thereby making it more likely that student loan borrowers will stay renters. In fact, among recent first-time homebuyers, student loan debt was the second most common challenge listed in saving for a down payment, following closely behind high rent and housing costs.[43]

Table 2a: While Renters Have Less Debt Than Homeowners, They Are More Likely to be Burdened by Their Debt

Median debt, late payments, and debt-to-income ratios by housing status, 2016–2022

	All U.S. Households			Renters			Homeowners		
	2016	**2019**	**2022**	**2016**	**2019**	**2022**	**2016**	**2019**	**2022**
Median Debt Amount (thousands of 2022 dollars)*	$20	$20	$18.5	$16.3	$15.3	$14.2	$22.6	$23.2	$21.6
Percent with Late Debt Payments in Last Year	13.5%	12.3%	12.2%	18.4%	17.9%	18%	10.7%	9.3%	9.2%
Median Debt-to-Income Ratio*	27.2%	25.3%	24.1%	32.7%	30.7%	28.3%	24.7%	23.6%	21.9%
Median Leverage Ratio (Debt to Assets)	36.4%	33.9%	29.2%	63.4%	60.4%	46.9%	31.3%	29.3%	25.1%

* Excludes mortgage debt on primary residence.
Source: Federal Reserve, Survey of Consumer Finances (SCF). Median values are only shown for households with debt.

Table 2b: While Renters Tend to Owe Less Across Debt Types, They Hold Credit Card Balances at Similar Rates and Student Loans at Higher Rates Than Homeowners

Percent holding and median values (thousands of 2022 dollars) of debt types by housing status, 2022

	All U.S. Households		Renters		Homeowners	
	% Holding	**Median value**	**% Holding**	**Median value**	**% Holding**	**Median value**
Mortgage and/or Other Home-secured Debt	42.2%	$156.0	0%	$0	63.9%	$156.0
Educational/Student Loan	21.7%	$24.5	28.2%	$20.0	18.4%	$27.0
Vehicle Loan	34.7%	$15.0	31.1%	$13.0	36.6%	$17.0
Credit Card Balance	45.2%	$2.7	45.9%	$1.6	44.9%	$3.3
Other Debt	26.1%	$4.1	28.5%	$1.8	24.8%	$7.9

* All other debt includes other residential property debt, other lines of credit, other installment loans, and other miscellaneous debt.
Source: Federal Reserve Board, Survey of Consumer Finances (SCF). Median values for a given type of debt are shown only for households holding the debt.

Savings

Household savings serve as an essential bridge between financial stability and greater wealth and financial well-being. Having sufficient liquid savings provides cushion in the event of income losses or unexpected expenses incurred via job layoffs, medical emergencies, or displacement due to catastrophic weather events. And once households have sufficient emergency savings, they can dedicate additional resources to amassing the "investable sums" that can be used to attain potentially appreciating assets that drive increasing wealth over time.

Despite gains made over the pandemic period, renter households' savings still trailed those of the median household by 2022.

Overall household median savings grew by around $2,400 between 2019 and 2022, but renter households' median savings only increased by around $700—mostly concentrated among moderate-income renters. If lower-income households saw higher savings in the interim, those gains were exhausted by 2022.

The savings amounts at these two points in time—2019 and 2022—do not provide a complete picture of the fluctuating savings that households experienced over this period. Early pandemic supports, such as the stimulus payments, provided households additional cash to potentially offset losses in income and other financial challenges households may have faced due to COVID-related shutdowns. But any excess savings dissipated for many families as businesses reopened, spending resumed, pandemic-related income supports ceased, and inflation increased.

Analysis of consumer bank accounts revealed that cash savings in 2020 spiked soon after receiving stimulus payments, but renters had drawn down more of their additional savings relative to homeowners by the end of that same year.[44] More recent data from late 2023 shows that most renters—at all levels of income—reported cutting back on spending and saved less than the prior year due to cost increases,[45] driven in part by the rapid increases in rent prices between 2020 and 2022.

Even with the savings volatility over this period, the percentage of renter households with sufficient emergency savings (defined as six-weeks of income) increased—from 26 percent in 2019, to 31 percent in 2022.[46]

Figure 6
Despite Historic Net Worth Gains, Most Renters Saw Little Growth in Their Savings
Median amount in savings accounts by housing status and income quintile (thousands of 2022 dollars), 2019–2022

Source: Federal Reserve Board, Surveys of Consumer Finances (SCF)

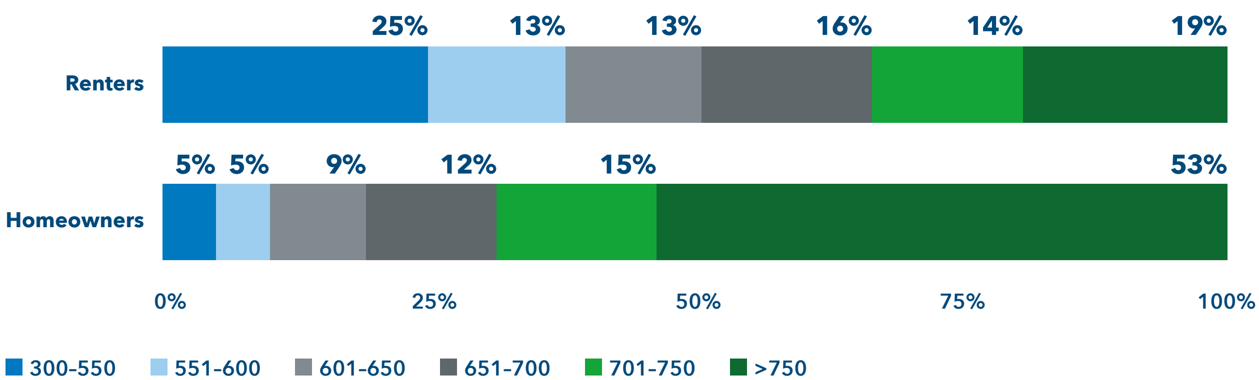
Credit

Strong credit is necessary to access more significant assets, like buying homes or starting businesses, but renters hold lower credit scores than homeowners.

In data from 2010 to 2015, renters were overrepresented among those with the lowest credit scores (84 percent of those with scores below 550 are renters) and underrepresented among people with the highest scores (27 percent of those with scores above 750 are renters). In contrast, over half of homeowners have credit scores above 750 (Figure 7).[47]

More recent data shows that renters have worse experiences than homeowners when applying for credit. The Consumer Financial Protection Bureau reports that as of 2023, 50 percent of renters were turned down for credit or received less credit than requested, which was nearly double the percentage for homeowners (28 percent). Moreover, 37 percent of renters did not even apply for credit for fear of being turned down, more than twice the rate for homeowners (17 percent).[48]

Figure 7
Renters Are More Likely to Have Subprime Credit Scores Than Homeowners
Distribution of Vantage credit scores by housing status, 2010–2015



Source: Urban Institute calculations of 2010–2015 data from a major credit bureau matched to American Community Survey data

Households must own some assets to have a positive net worth, and they must own potentially appreciating assets to have the best chance at growing wealth over time.

Asset Ownership and Wealth

Households must own some assets to have a positive net worth, and they must own potentially appreciating assets to have the best chance at growing wealth over time. While almost all renters own some assets, they fall behind homeowners in owning potentially appreciating assets, even after excluding the ownership of primary residences. For renters to dramatically increase their wealth, they need to see large increases in ownership of appreciating assets.

Table 3 exhibits that less than half of renter households own any potentially appreciating asset—defined here as retirement accounts, stocks and bonds, business equity, other real estate (outside of primary residence), and other financial assets (which includes cryptocurrency among other assets)—but renters generally saw a slight increase in ownership of potentially appreciating assets between 2019 and 2022.[49] And in a promising turn, the gains in the appreciating asset ownership rate were concentrated entirely among low- to moderate-income renters (Appendix Table 2).

Table 3: While Owning Any Type of Asset Is Nearly Universal, Less Than Half of Renters Own Any Form of Potentially Appreciating Asset

Changes in asset ownership by housing status, 2019–2022

	2019	2022
Owning Any Asset*		
Renters	98.8%	99.1%
Homeowners	100.0%	99.7%
Owning Any Potentially Appreciating Asset**		
Renters	45.2%	48.2%
Homeowners	76.0%	78.2%
Changes in Selected Asset Holding for Renters		
Vehicles	72.1%	74.0%
Retirement Accounts	31.5%	32.7%
Directly Held Stocks	9.4%	13.3%
Business Equity	6.2%	8.7%
Other Residental Real Estate	4.3%	4.9%
Other Financial Assets	8.4%	8.0%

* Asset types include transaction accounts, retirement accounts, vehicles, business equity, stocks and bonds, other real estate, all other financial assets, and other non-financial assets, and exclude primary residence.

** Potentially appreciating assets include retirement accounts, business equity, stocks and bonds, other real estate, and other financial assets, and exclude primary residence.

Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Note: Primary, owned residences were excluded for homeowners from the above calculations to compare ownership of asset classes other than homes between renters and homeowners.

Renters saw these increases in ownership across a wide range of asset types, with the largest coming in directly held stocks (3.9 percentage point increase) and business equity (2.5 percentage point increase). The gains across asset types are encouraging, because it suggests renters with the financial resources to invest in assets are exploring a range of options to grow their wealth. Additionally, some renters moved into homeownership during this period (the homeownership rate increased from 64.6% in 2019 to 65.9% by 2023).[50, 51]

Unsurprisingly, asset ownership varies dramatically by income. In 2022, only about 25 percent of renters in the lowest income quintile (defined as having income less than $31,500 in 2022) hold any form of potentially appreciating asset, while 95 percent of the highest income quintile (defined as having income of at least $152,500 in 2022) renters do. This reflects in their net worth as well (Appendix Table 1)—while the lowest quintile renters had a net median worth in 2022 of $3,800, the highest income renters had a median net worth in 2022 of $411,700.

Consistent with findings throughout our report, renter-homeownership gaps in asset ownership and median value persist across income levels (Figure 8). At each income level, renters are less likely to own any asset type compared to their homeowner counterparts. And in nearly every case outside of the top quintile earners, the renters who do hold those assets hold them at much lower median values than the homeowners in the same income bracket. For example, in the third income quintile (households with incomes between $54,000 and $91,000 in 2022), less than half of renters hold retirement accounts (with a median value of $19,000), but over 60 percent of homeowners in this income quintile hold retirement accounts (with a median value of $50,000).[52]

Figure 8
Across Income Levels, Renters Tend to Hold Various Asset Types at Lower Rates and Lower Values Than Homeowners

Percent holding and median value of asset types across income quintiles for renters and homeowners, 2022

Renters | Homeowners | % Percentage Holding | $ Median Value *(among those holding, in thousands)*

		INCOME QUINTILES									
		Lowest		Second		Third		Fourth		Highest	
ASSET TYPE		%	$	%	$	%	$	%	$	%	$
Transaction Accounts	Renters	95%	$1	98%	$2	100%	$5	100%	$11	100%	$34
	Homeowners	95%	$2	99%	$5	100%	$9	100%	$17	100%	$61
Vehicles	Renters	57%	$9	81%	$15	86%	$22	87%	$30	84%	$34
	Homeowners	81%	$14	94%	$20	93%	$29	96%	$41	96%	$55
Retirement Accounts	Renters	11%	$6	26%	$5	46%	$19	68%	$25	86%	$112
	Homeowners	18%	$35	45%	$41	61%	$50	77%	$87	92%	$370
Business Ownership	Renters	5%	$5	9%	$10	7%	$14	10%	$15	30%	$367
	Homeowners	9%	$65	7%	$50	11%	$76	18%	$66	33%	$300
Securities	Renters	8%	$2	12%	$1	23%	$2	30%	$10	57%	$125
	Homeowners	12%	$26	22%	$10	29%	$18	37%	$17	66%	$165
Primary Residence	Renters	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Homeowners	100%	$145	100%	$200	100%	$250	100%	$340	100%	$631
Other Real Estate	Renters	2%	$68	4%	$43	9%	$50	13%	$230	23%	$600
	Homeowners	11%	$49	14%	$80	18%	$100	16%	$150	39%	$430

Source: Federal Reserve Board, Survey of Consumer Finances (SCF).

How Renters Fare Across the Wealth-Building Conditions

Across measures, renters exhibit less financial stability than homeowners and the broader U.S. population. Less positive cash flow, fewer savings, and lower credit all highlight the challenges renters often face in trying to build stronger financial well-being. However, the positive trends in income, debt, and asset ownership all suggest the potential for meaningful progress, though rising costs could stall or even reverse such gains. Though renters tend to have lower incomes, these general findings persist even when comparing renters and homeowners at the same income level.

Cash flow, in particular, presents a central challenge. High housing costs and high rates of student loan debt for renters are currently constraining cash flow, limiting the resources renters can direct to financial stability and wealth building thereafter. Beyond cash flow, additional research would need to consider other factors that could explain the differences in asset ownership, such as disparities in access (e.g. having an employer-sponsored retirement account).

To our awareness, this is the first study in the U.S. context to examine the full asset portfolio of renters, particularly the assets beyond potential real estate ownership and cash savings.[53] Much of the differences in the financial well-being of renters and homeowners can be fundamentally attributed to differences in income and major expenses, which then have downstream impacts on their ability to buy and sustain wealth-building assets. This analysis suggests that the ability to attain assets and build wealth for renters may go beyond a lack of homeownership exclusively.

RENTER HOUSEHOLD PROFILES: THREE EXAMPLES

Though the conditions of wealth building apply broadly, renters at all points along the financial well-being pathway need supports for their own wealth-building journey. The illustrative examples that follow all represent households below the U.S. median net worth of $193,000—in various states of financial well-being.

EXAMPLE 1

A lower-income renter household with an income of about $25,000 a year

As of 2022, more than one-fourth of all renter households made under $25,000 a year

Illustrative profile

This family of three (one adult and two children) has income narrowly above the poverty line. The head of household works part time in childcare. While they qualify for federal housing assistance (Section 8), they are far down on the local waitlist and may not receive a voucher for several years. They currently live in a fourplex, where they pay 50 percent of their pre-tax income in rent (severely rent-burdened).

Due to their lower income and relatively high housing cost, this family often doesn't have enough income to cover all their expenses (experiencing little-to-no routinely positive cash flow). The only debt they have is a car payment, with less than $1,000 in savings, and a net worth of about $2,000.

What's next in their wealth-building journey

This family first needs financial stability to meet the precondition for wealth building. They need routinely positive cash flow—through higher income, lower expenses, or both—more savings and personal resources, and increased access to benefits that will support increased stability. This family, like many others similar to it, likely cannot amass the resources with their own income to build sustainable wealth, but need the security, well-being, and opportunity that wealth can provide nonetheless.

EXAMPLE 2

A moderate-income renter household with an income of about $65,000 a year

As of 2022, about 18 percent of all renter households made between $50,000 and $75,000

Illustrative profile

This family of four (two adults and two children) lives in a single-family house in a suburb. One of the adults works as a teacher while the other works seasonally in retail. They pay about 30 percent of their pre-tax income in rent, bordering on being rent cost burdened.

This family's take-home pay is about the same as their expenses, leaving them with only occasional positive cash flow. They have two cars (one with a payment, and one paid off), student loans from one adult's bachelor's degree in education, and some credit card debt. This family has about $6,000 in cash savings (boosted in part from pandemic-era income supports) and a net worth of about $45,000, between savings, cars, a retirement account for the full-time worker, and the debt they carry.

What's next in their wealth-building journey

This family has some baseline financial security, though increased cash flow through higher income and/or reduced debt servicing could enable a stronger position. Lowering their student loan debt burden would go a long way toward amassing the additional funds necessary to purchase more assets. They aspire to buy a home, but even a 5 percent down payment on a median-priced home in their area ($350,000) amounts to $17,500, so they are exploring local down payment assistance programs. To save for a house, they are torn between reducing retirement account contributions to preserve more liquid cash or increasing their contributions to benefit from an employer match and potentially take out a loan later to help with the down payment.

EXAMPLE 3

A higher-income renter household with an income of about $120,000 a year

As of 2022, about 20 percent of all renter households made over $100,000

Illustrative profile

This single adult currently lives in a large apartment building in a high cost-of-living coastal city, earning their high income as a sales manager. They are not rent-burdened, currently paying about 25 percent of their pre-tax income in rent, but make around $1,000 in student loan payments every month.

This person currently spends less than they take home and consistently has positive cash flow, though constrained by the high student loan payment. They do not have a car, but they carry some occasional credit card balances. They have about $10,000 in cash savings, with overall net worth of $60,000 between their saving account, retirement account, taxable brokerage investments, and their student loan debt.

What's next in their wealth-building journey

This person has solid financial security and good cash flow. They seek to purchase more assets, but are discouraged by the homeownership costs in their area (the median purchase price rose in the past few years to $600,000). This person has considered a starter home, but the available supply is limited and most homes in their price range need substantial repairs or improvements either upfront or soon after move-in (e.g. roof, HVAC). They have also seen reports predicting the cost of insuring a home will increase due to more severe weather events. They are contributing up to the match on their workplace retirement plan and considering the various wealth-building approaches they could take, especially if they decide to wait several more years to buy a house, if they buy one at all.

SOLUTIONS TO ADDRESS AND ACCELERATE RENTER WEALTH

All households need and deserve the chance to build and sustain the wealth necessary to thrive. Essential to achieving this is a stable financial foundation and opportunities to acquire assets at affordable prices. Homeownership has been and will continue to be a central pathway for many families to accumulate wealth, but as an asset, it has become increasingly expensive and difficult for more and more families to reach and keep.

Developing a more robust set of options for renters to strengthen their financial security and build wealth—including, but not limited to homeownership—is essential to the economic prosperity of individual households and our country at large.

Renters face significant financial challenges compared to homeowners, including relatively higher housing costs, weaker cash flow, and more harder-to-manage debt. Rent prices increased by 27 percent from early 2020 to August 2022, and while they have slightly fallen since, still present serious affordability challenges for renters. These trends have negatively impacted the financial well-being of lower-income renters in particular.

Developing a more robust set of options for renters to strengthen their financial security and build wealth—including, but not limited to homeownership—is essential to the economic prosperity of individual households and our country at large.

Despite well-documented challenges, we identified several positive trends in recent years:

- Median wealth of renters increased from around $7,300 to $10,400 between 2019 and 2022, which was driven in part by COVID-era supports.
- Median debt held among renters has decreased modestly by about $2,000 since 2016, driven in part by declines in student loan debt loads.
- The percentage of renter households with at least six weeks of income in liquid savings increased by 33 percent since 2016, supported by COVID-era assistance.[54]
- Renters increased their acquisition of assets outside of homeownership, with more attaining retirement accounts, purchasing stocks and other securities, and starting or investing in business ownership.

Though these trends demonstrate tangible progress, there is still much more work to be done before renters can truly achieve the stability and opportunity that sufficient wealth offers.

The challenges that renters face long precede COVID-19, but the dramatic housing cost increases that occurred throughout the depths of the pandemic have exacerbated these issues through:

- the costs of rents, which have decreased the available cash for all other purposes such as buying essentials, saving for a rainy day, or buying assets; and
- the prices of homes, which have exceeded the reach of all but the most financially well-off buyers (including those with family wealth), forcing many renters to reconsider their approach to building financial resilience for their future.

Solutions to sustainably strengthen the financial well-being of renters must address both of these issues, and we highlight potential solutions in turn:

1 Addressing cost burdens and residual cash flow

- **Renters need higher income and wages** supported by higher minimum wage laws, lower-cost education and training opportunities, and supportive tax credits targeted to low- to moderate-income households, such as the Earned Income Tax Credit (EITC) and the Child Tax Credit for renter households with children.
- **Renters need more rental assistance**, such as through Housing Choice and project-based vouchers, to better access affordable housing options and ease severe rent cost burdens. The Emergency Rental Assistance (ERA) program also provided essential funding for vulnerable renters to stay stably housed and provided useful insight to policymakers into how to more expansively support renters in private markets through local coordination and landlord engagement.[55]
- **Local markets need substantial increases in housing supply generally, but especially for efforts that maintain and increase the supply of affordable rental housing**. Rents are driven up in part by a lack of supply; in many places across the country, rents have fallen in part because of an influx of new developments coming online. However, for low- to moderate-income renters who may not qualify or gain access to housing assistance, even decreased market rate rental costs may be too high to avoid severe rent cost burdens. Currently, the bulk of new affordable housing units in the U.S. are financed with Low-Income Housing Tax Credits (LIHTC), and expanding those credits would likely increase affordable housing supply.[56]
- **Renters need supportive public benefits and other tools to protect savings and prevent harmful debt** that could occur from disruptive life and financial shocks. COVID-era programs such as generous unemployment insurance benefits, stimulus payments, and emergency rental assistance provided the additional cash and supports needed to prevent potential financial ruin and eviction for many renters.

2 Increasing access to and acquisition of a broader portfolio of assets

- **Renters can build wealth through cash savings programs.** Examples include the HUD's Family Self-Sufficiency program, which allows certain families receiving assistance to amass savings via an escrow when they earn higher wages rather than simply just paying a higher rent. Recent studies have found that the average family participating in the program had saved $9,500, far more than comparable renters in the same income bracket would otherwise be likely to have.[57]
- **Renters can build wealth through retirement savings.** Retirement savings (which are typically invested in income-producing financial assets) are the second largest source of wealth in the U.S. after homeownership.[58] Workplace-based wealth building through retirement savings can help families build long-term and sustainable savings at more accessible cost than homeownership. Recent efforts through state-sponsored auto-IRA plans and SECURE 2.0, including the Saver's Match and additional provisions for workplace emergency savings, could substantially increase the number of low- to moderate-income families who own financial assets in retirement accounts and provide incentives and flexibilities to make saving for the long-term more manageable.[59] And building stronger retirement savings could also help relay into more confident ownership and management of stocks, bonds, and other securities outside of retirement accounts.
- **Future generations of renters could build wealth through early childhood wealth-building accounts.**[60] Wealth takes time to build, and investments that start at birth can accumulate until adulthood, giving people substantial resources—as they begin their independent lives—to invest in other wealth-building assets, such as homeownership, business ownership, retirement accounts, or defraying the cost of higher education to reduce student loan debt. Several early wealth-building programs have been passed at the local and state level (such as Connecticut, Wisconsin, California, and

Washington, D.C.), and the U.S. Senate has introduced multiple bills that would support a national effort for early wealth-building investment accounts.[61]

- **Renters could benefit from innovative approaches to open up more affordable and accessible asset classes, particularly through shared ownership of real estate or other assets.** The challenge with many assets, particularly in real estate, is the need for substantial upfront capital, which can make access especially challenging for people with lower income or lower wealth. Shared and fractional ownership allows residents to have an active stake in larger assets with meaningful potential for return. Models like community land trusts have a longer history, but developers and investors are exploring new approaches. The Aspen Institute Financial Security Program is supporting a wealth innovation cohort of developers who are committed to building out Main Street commercial real estate corridors in ways that support locally-owned small businesses and allow residents to directly invest in—and profit from—the developments. And additional efforts have explored providing renters with cash back benefits or providing other benefits based on rent payments that could be applied toward future asset purchases and wealth building.[62]

3 Smoothing the pathway to homeownership, which continues to provide many benefits

- **Renters could attain greater access to homeownership via expanded down payment assistance, credit score enhancements from rent reporting, and wider use of cash flow underwriting.** Millions of renters have the incomes to support a mortgage in their local markets, but entry costs and credit are significant barriers for renters in purchasing a home.[63] Research shows that saving for down payment is one of the largest constraints to accessing homeownership for first-time buyers, and data from earlier in the paper (Figure 6) shows that many renters do not have the prime credit typically needed to successfully obtain a mortgage.[64] Easing these barriers for renters with sufficient incomes and stable payment histories could increase access to homeownership.
- **Renters would benefit from a greater supply of starter homes.** The supply of starter homes for purchase has declined in recent years due to multiple factors, such as decreased building of smaller homes, increased renting of single family homes, and strong competition among buyers, leaving fewer options for entry-level homeownership.[65] Zoning reform would reduce the barriers to increased density and new building, and additional capital and financing strategies are needed to induce developers to build smaller and more affordable homes.[66] More readily available starter homes with more entry-level pricing would make homeownership and its wealth building potential more accessible to first-time buyers.
- **Renters, whose parents or other family members are homeowners, could also benefit by gaining or retaining access to family members' homes** through stronger estate planning, heirs property legal reforms, and by providing resources to allow families to rehab the home to live in and/or reap the benefits of the higher property value.[67]

Even with its benefits, homeownership has and will continue to come with its own challenges. Restricted access to homeownership has a long history of discrimination, with forms of it continuing even today in the form of appraisal bias—constraining both who becomes a homeowner and the wealth they could potentially accumulate from that asset.[68] And going forward, the cost stability of homeownership is likely to be disrupted by a changing climate and the increasing number of severe weather events, which increase maintenance and repair costs, but also make many houses more costly and difficult to insure.[69]

CONCLUSION

The balance of the data and insights presented here beg the question: *Can renters broadly increase their wealth, especially the ones who remain as renters?*

The trends show positive developments in recent years across all measures except cash flow. Building renter wealth is possible and indeed already occurring, though most renter households are moving up from a challenging starting point.

Dramatically increasing renter financial well-being and wealth will require a segmented strategy that can achieve substantial progress for all renters, taking into account their current financial state. Low-income renters who experience severe rent cost burden first and foremost need financial stability, which requires higher incomes, lower rents and expenses, or both. For these renters, any wealth building would likely need to come through direct offering and subsidy from institutions like their employers or government.

Moderate-income renters—who a generation or two ago would likely have been homeowners—need updated opportunities and tools to attain homeownership, but also access to retirement savings programs and a range of investment assets through which to grow wealth.

The highest-income renters—with a median net worth over $411,000—have much more wealth than most other renters, but it is likely still insufficient to meet a lifetime of financial needs. Still, the wealth at this income range does strongly suggest that renters can substantially build wealth across a diverse portfolio as they increase their income and cash flow, and points to a way forward that does not require purchasing a home.

Stage of life matters here as well. Younger adults often begin their working lives either as renters or living with relatives. During the period in which their incomes are lower relative to their long-term earning potential, having access to more attainable assets—such as securities available through retirement and brokerage accounts or shared real estate ownership—should be essential to growing a base of wealth while renters solidify their financial stability and amass the resources needed for more costly assets. In contrast, older renters need assets and other financial resources that give them access to sufficient liquid savings and the ability to maintain a stable income as they age and pull back from the labor force.[70]

Focusing on diversifying wealth and ownership opportunities for renters is not in tension with increasing homeownership. Homeownership continues to be an important part of an ownership portfolio and should be attainable for all renters who desire it. Many renters who would like to become homeowners face barriers, and those barriers are becoming more significant. When solutions that support renters' financial stability—such as those that lower housing costs and enhance cash flow—are in place, renters take advantage of wealth-building opportunities.

Renters should have the full range of benefits that wealth provides, including the increased financial resilience, improved well-being and quality of life, economic opportunity for themselves and their families, and a greater sense of control over the world around them. Renters are one-third of households, but hold only 5% the total household wealth in the United States. Growing the wealth of such a sizable population would benefit the broader economy via the bigger pie that their spending, investments, and other contributions help build. A strong and healthy country needs all of its people to have access to the conditions and tools that will enable wealth-building, regardless of whether they own the place where they live.

APPENDIX

RENTER FINANCIAL WELL-BEING IN LOCAL CONTEXT

The national data highlights the broad challenges renters face in attaining greater financial well-being and building more wealth. That said, renters (and homeowners) live in specific housing and job markets where the challenges highlighted above could be more or less of a barrier. The National Low Income Housing Coalition (NLIHC) has consistently found that no city, metro, or county in the U.S. offers 2-bedroom apartments affordable to someone earning the local or state minimum wage. Yet, they also find wide variation in the wages needed by state to afford an apartment, with places like Oklahoma and Iowa requiring less than $20 an hour to be able to afford an apartment, while coastal states like New York, Massachusetts, and California all require about $45 an hour or more to afford a 2-bedroom apartment.[71]

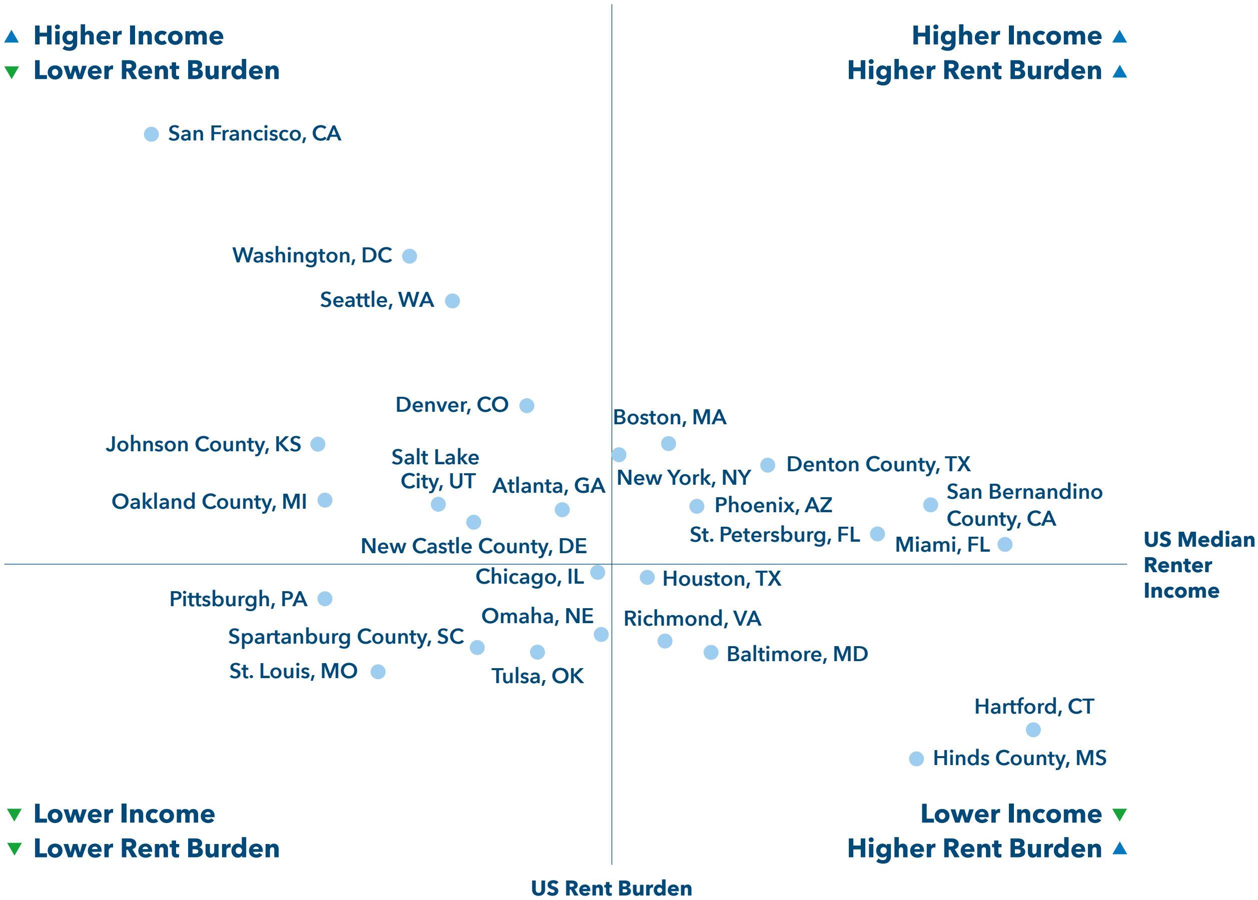
Given that some localities may present fewer or lower barriers to stronger financial well-being for renters, we would ideally examine the same precondition and conditions needed to build wealth in local contexts. However, financial well-being data such as household-level savings, debt, and asset ownership are largely unavailable at the local level; the available data is derived from pre-pandemic assessments and is not disaggregated by renter-homeowner status. The highest quality local household financial information for renters is limited to income (and wages), rents, and cost burdens, with some additional detail on age, education, cost of living, and job market data.

Yet, the local context remains important and worth examining. We use the available income, rent, housing market, and financial well-being data to highlight local considerations that could affect renter financial well-being in 27 cities and counties. The locales were selected to offer a wide variety of geographic, income, and racial diversity, with some attempt to include a cross-section of large cities, smaller cities, and largely-suburban counties. The places we include also represent to the extent applicable the range of housing market costs and population growth trajectories from the National Association of Counties (NACo) Housing Solutions Matchmaker tool, co-developed by Aspen FSP and the Brookings Institution.[72]

Given that incomes and rents are the best available indicators for renter financial well-being, we grouped the 27 cities and counties into 4 segments (see Figure 9), based on relation to national levels for median income for renters and rent cost burdens.

Several notable patterns emerge across the matrix. Coastal cities tend to be represented in the upper two quadrants given relatively higher renter incomes. Lower-income and relatively more affordable renter markets in the bottom left part of the matrix are largely in the Midwest and in the South. Technology hub cities, like San Francisco and Seattle, have lower rent cost burdens due to large numbers of highearning renter populations. But nearly all the quadrants have a mix of bigger cities, smaller cities, and/or suburban counties with wide geographic representation. This mapping reinforces the importance of local market considerations for understanding how renter households are faring financially.

Figure 9
Matrix of Rent Cost Burdens and Renter Income Compared to National Level Data



Source: American Community Survey, 1-Year Estimates, 2022

Nationally, over half of renters are cost burdened (spending at least 30 percent of their pre-tax income on rent)—but this ranges substantially by location: from 38 percent in San Francisco, to 64 percent in Hartford, Connecticut. Additionally, each locality has large numbers of renters who are struggling with relatively high housing costs, putting substantial strain on their cash flow. This is especially the case in higher cost of living cities, like San Francisco, Seattle, and New York City, where the percent of renters earning under $25,000 varies (19 percent, 18 percent, and 26 percent respectively) and where there are also large homeless populations.

Acknowledging the high rent cost burdens nationally and in many markets, the local variation implies different challenges and opportunities for renters depending on where they live.

- **Higher income and higher cost burden places may be difficult for renters across the board:** Places like Denton County, Texas, have elevated incomes and wealth, suggesting more opportunity. However, homeowners have well over twice the income of renters ($137,600 compared to $58,900). And house prices there have outpaced rents, with home prices increasing 18 percent between 2021 and 2024, while rents increased 11 percent over the same time period. It is likely that all but the highest-earning renters may struggle to keep up with costs or transition into the cost stability and wealth building that homeownership provides.
- **Lower income and higher cost burden places might be difficult locations to attain financial stability, not to mention downstream wealth building:** Over 50 percent of Baltimore households are renters, and both local median

income and median income for renters trail the national medians. Rents in Baltimore increased 10 percent between 2021 and 2024, and residents also trails in all the financial health metrics compared to national levels, with higher rates of delinquent debt, fewer savings, lower credit, and less wealth. As of June 2024, the median Baltimore home price was $240,000, much lower than the national median of $442,000, but renters still make up the majority of households. This all suggests broad financial challenges for renters both in housing costs and in building wealth.

- **Lower income and lower cost burden places may also be challenging localities to achieve financial well-being, but potentially offer opportunity for wealth building for households with more cash flow:** St. Louis features low median net worth (around $24,500 in 2019) and trails in other household financial health metrics. Home prices there have rapidly outpaced rents in recent years (23 percent increase in home prices compared to 5 percent increase in rents between 2021 and 2024). But relatively flat rents may offer more opportunity to improve cash flow for renters who are not cost burdened. Renters who are capable may direct any positive cash flow into savings, debt reduction, and eventually to homeownership and other assets.
- **Higher income and low cost burden localities may be good places to build wealth, but only for the highest of earners:** Places like Denver, Washington, DC, and San Francisco are especially expensive, with high housing costs across the board for rentals and owned homes. Low- to moderate-income residents here likely have severely high rent cost burdens, with the associated challenges in cash flow and financial stability. These are also all cities with very high wealth. While the high levels of financial health and wealth reflect strong opportunities to increase wealth for the most well-off, most renters in these places will struggle to get ahead.

Even with variation, renters across the country face increasing cost pressures. Renter households might be especially vulnerable in places with high cost burdens and rapid price increases, because we know that these are places with limited cash flow. And if home prices are also rising rapidly, renters are less likely to have options to move into homeownership as a way to stabilize housing costs.

Ultimately, the wide variation and dearth of local financial well-being data for renters makes it difficult to clarify what wealth-building looks like for renters in particular markets. Wealth building can happen anywhere amid the right conditions, but we do not know enough renters' financial well-being or the conditions that could support wealth building at the local level. We do know that renters in most places struggle with high housing costs. And we also know that renters across the income spectrum are in tougher financial circumstances than homeowners. Housing affordability concerns could be addressed by substantial increases in the supply of both rentals and homes for sale. Increased cash flow from lower rents would support stronger well-being and greater wealth, but additional efforts would be needed as well to reduce burdensome debts and increase access to potentially appreciating assets.

More data and analysis is necessary to identify more specifically the additional factors that contribute to financial well-being by locality—beyond housing costs—that might shape the wealth-building opportunities for renters (such as percentage of workers covered by a retirement plan or percentage of renters who convert to homeowners locally). Additional efforts could also explore the potential impact of locally-focused programs to help people—particularly lower-income and renter households—build wealth (such as shared ownership, community land trusts, and down payment assistance, for example).

Table 5: Local Indictators of Resident Financial Well-Being for 27 U.S. Cities and Counties

									Financial Health Metrics			
	Income	Renter Income	Homeowner Income	Renter %	Median Rent	Rent Burden	Δ in Rent, '21–'24	Δ in Home Prices, '21–'24	Delinquent Debt (2019)	2k in Savings (2019)	Credit Score (2021)	Med Net Worth (2019)
United States (2022)	$74,580	$49,201	$92,310	34.8%	$1,300	51.9%	10.8%	14.0%	31%	66%	692	$125,966
Cities and Counties												
Atlanta, GA	$83,251	$54,521	$126,691	54.2%	$1,611	50.5%	0.1%	8.7%	36%	66%	675	$66,737
Baltimore, MD	$55,198	$40,585	$78,929	52.4%	$1,235	54.7%	10.0%	13.2%	45%	52%	650	$37,236
Boston, MA	$86,331	$60,980	$140,716	65.1%	$1,970	53.5%	13.7%	10.7%	21%	67%	722	$57,801
Chicago, IL	$70,386	$48,406	$101,848	54.2%	$1,324	51.5%	15.2%	9.1%	34%	61%	681	$50,716
Denton County, TX	$102,428	$58,873	$136,621	35.1%	$1,586	56.3%	11.0%	18.3%	16–37%	68%–89%	680–754	$51,348–488,652
Denver, CO	$88,213	$64,681	$117,078	50.4%	$1,711	49.5%	7.9%	10.4%	26%	73%	723	$131,356
Hartford, CT	$41,529	$33,023	$79,349	76.5%	$1,150	63.8%	19.6%	22.8%	45%	38%	656	$5,247
Hinds County, MS	$46,672	$30,183	$67,212	41.0%	$983	60.5%	15.8%	0.3%	43–45%	42%–56%	651–656	$15,305–48,660
Houston, TX	$60,426	$47,911	$89,454	59.2%	$1,246	52.9%	8.0%	8.2%	41%	57%	668	$42,064
Johnson County, KS	$98,523	$60,922	$124,341	32.0%	$1,301	43.6%	17.8%	25.7%	12-22%	76%–88%	733–765	$187,921–383,306
Miami, FL	$60,989	$51,131	$97,360	69.7%	$1,580	63.0%	20.9%	42.9%	25%	47%	690	$13,879
New Castle County, DE	$86,020	$53,299	$102,575	30.2%	$1,316	48.0%	15.1%	17.8%	22-37%	54%–79%	677–743	$52,854–292,400
New York City, NY	$74,694	$59,891	$114,416	67.3%	$1,688	52.1%	22.1%	3.7%	22%	62%	714	$47,338
Oakland County, MI	$90,594	$55,456	$110,266	27.5%	$1,251	43.8%	7.3%	13.4%	13–35%	59%–88%	693–763	$63,256–534,133
Omaha, NE	$67,450	$42,333	$97,772	43.4%	$1,105	51.6%	15.9%	17.1%	22%	67%	722	$102,009
Phoenix, AZ	$75,969	$54,852	$96,817	42.3%	$1,486	54.3%	4.6%	19.7%	37%	60%	675	$76,859
Pittsburgh, PA	$63,380	$45,824	$84,391	50.7%	$1,180	43.8%	9.5%	10.4%	26%	65%	721	$45,538
Richmond, VA	$58,988	$41,693	$93,046	56.7%	$1,192	53.4%	10.1%	30.0%	23%	59%	722	$42,634
Salt Lake City, UT	$75,529	$55,055	$105,639	54.7%	$1,316	47.0%	8.5%	28.2%	20–35%	63–73%	668–734	$75,575–172,286
San Bernandino County, CA	$79,091	$54,995	$95,232	37.4%	$1,656	60.9%	5.4%	16.3%	17–50%	48%–78%	626–742	$43,316–319,536
San Francisco, CA	$136,692	$109,274	$181,948	60.8%	$2,308	37.6%	3.2%	-6.1%	12%	78%	754	$239,216
Seattle, WA	$115,409	$79,285	$181,584	56.2%	$1,877	45.7%	7.6%	5.8%	13%	80%	754	$172,062
Spartanburg County, SC	$57,755	$41,057	$66,337	28.3%	$997	48.1%	13.9%	22.9%	41–44%	54%–66%	670–675	$54,498–123,644
St. Louis, MO	$52,847	$38,688	$79,021	53.3%	$911	45.3%	4.7%	23.0%	45%	53%	664	$24,514
St. Petersburg, FL	$69,941	$52,157	$86,234	40.0%	$1,576	59.4%	11.6%	27.7%	38%	70%	683	$156,436
Tulsa, OK	$54,040	$40,603	$75,880	48.7%	$971	49.8%	17.1%	14.2%	38%	59%	692	$57,553
Washington, DC	$101,027	$74,916	$158,879	59.0%	$1,843	47.4%	12.6%	0.0%	26%	71%	712	$118,465

Sources: U.S. Census Bureau, American Community Survey, 1-Year Estimates, 2022 (Median Income, Median Renter Income, Median Homeowner Income, % of Households that are Renter Households, Median Rent, Rent Burden); ApartmentList.com Apartment List Rent Estimates, 2017–2024 (Overall Percent Change in Median Rent for New Leases, June 2021 to June 2024); Redfin U.S. Housing Market Data, 2021–2024 (Overall Percent Change in Median Home Sales Price, June 2021 to June 2024); Urban Institute Financial Health and Wealth Dashboard (Delinquent Debt, Residents with at Least 2000 in Savings, Median Credit Score, Median Net Worth)
Note: Financial Health and Wealth Dashboard Metrics estimates for all households in that location (not disaggregated for homeowners or renters). City data (except Salt Lake City, UT) are city-wide based estimates.
County data (and Salt Lake City, UT) are ranges based on PUMAs -public use microdata areas) in that county (or city), taking the estimates from the PUMA with lowest value and the PUMA with the higest value.
Credit scores are based on 2021 data and all other Financial Health and Wealth metrics are estimated from 2019 data. For more information, please see the Urban Institute Financial Health and Wealth Dashboard project site.

ADDITIONAL FIGURES AND METHODOLOGY

Net Worth and Asset Values

Appendix Table 1: Median Net Worth by Housing Status and Income Quintile

		Median Net Worth (thousands of 2022 dollars)			% Change
		2016	2019	2022	'19-'22
Lowest Income Quintile	Renters	$1.3	$1.7	$3.8	124%
	Homeowners	$98.7	$119.1	$145.4	22%
2nd Quintile	Renters	$6	$6.8	$9.2	35%
	Homeowners	$157.4	$163.6	$236.4	44%
3rd Quintile	Renters	$12.9	$12.6	$25.2	100%
	Homeowners	$201.6	$221.7	$265.1	20%
4th Quintile	Renters	$35.2	$42.1	$58.3	38%
	Homeowners	$278.2	$306.4	$376.4	23%
Highest Income Quintile	Renters	$217.2	$263.7	$411.7	56%
	Homeowners	$1,128.7	$1,043.6	$1,388	33%

Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Appendix Table 2: Percent of Renters Holding and Median Value of Any/All Assets, Potentially Appreciating Assets, and Debt by Income Quintile

		% Holding		Median Value (thousands of 2022 dollars)	
		2019	**2022**	**2019**	**2022**
Any/All Assets (excluding primary residence)	All Renters	98.8%	99.1%	$18.3	$24.9
	Lowest Quintile	97.3%	97.6%	$5.9	$8.2
	2nd Quintile	99.3%	99.7%	$15.9	$21
	3rd Quintile	99.6%	100%	$29.9	$45.6
	4th Quintile	100%	100%	$71.6	$87.7
	Highest Quintile	100%	100%	$311.7	$431.9
Potentially Appreciating Assets (excluding primary residence)	All Renters	45.2%	48.2%	$23.2	$18.2
	Lowest Quintile	19.5%	25.8%	$2.7	$5.4
	2nd Quintile	41.8%	45%	$11.6	$8.5
	3rd Quintile	60.7%	60%	$20.9	$20
	4th Quintile	81.5%	81.9%	$47.3	$55.7
	Highest Quintile	96%	95.4%	$194.8	$290.8
Debt	All Renters	65.9%	71.5%	$15.3	$14.2
	Lowest Quintile	48.6%	55.4%	$6.9	$7.5
	2nd Quintile	66.9%	77.6%	$15	$12.2
	3rd Quintile	81.1%	83.4%	$18.6	$18
	4th Quintile	82.6%	84.5%	$23.9	$27
	Highest Quintile	83%	74.4%	$34.8	$31.1

Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Note: Median values are only shown for households holding assets or debt.

Age

Appendix Table 3: Median Net Worth by Age Group and Year

		Median Net Worth (thousands of 2022 dollars)		
		2016	**2019**	**2022**
All Households	18–34	$13.6	$16.2	$39
	35–50	$97.7	$122.5	$166.7
	51+	$255.9	$268.9	$363.2
Renters	18–34	$4.2	$6.1	$9.7
	35–50	$8	$9.5	$12.1
	51+	$6.8	$7.5	$9.6
Homeowners	18–34	$96.9	$89.9	$150.8
	35–50	$218.6	$257.7	$322.7
	51+	$385.3	$391	$497.6

Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Appendix Table 4: Percent of Households Holding and Median Value of Any/All Assets, Potentially Appreciating Assets, and Debt by Age

			% Holding		Median Value (thousands of 2022 dollars)	
			2019	2022	2019	2022
Any/All Assets (excluding primary residence)	Renters	18–34	99%	98.8%	$18.4	$28
		35–50	98.6%	98.8%	$21.3	$29.8
		51+	98.6%	99.6%	$14.4	$17.7
	Homeowners	18–34	100%	99.3%	$59.1	$87.8
		35–50	100%	100%	$144.6	$174.9
		51+	99.8%	99.7%	$185.5	$243.4
Potentially Appreciating Assets (excluding primary residence)	Renters	18–34	51%	52%	$8.1	$10.5
		35–50	49.8%	52.1%	$32.0	$21
		51+	35.2%	41.1%	$52.2	$32.7
	Homeowners	18–34	77.2%	78.6%	$28.4	$45
		35–50	80.2%	85.2%	$139.1	$135
		51+	74%	75.2%	$224.9	$287
Debt	Renters	18–34	69.1%	78.6%	$18.1	$16
		35–50	72.2%	73.7%	$19.1	$15.5
		51+	57.3%	62.1%	$9.5	$9.8
	Homeowners	18–34	95.5%	98%	$191.3	$185.6
		35–50	94.7%	94.5%	$214.7	$209
		51+	74.9%	71.6%	$92.7	$105

Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Note: Median values are only shown for households holding assets or debt.

Race/Ethnicity

Appendix Table 5: Median Net Worth by Housing Status and Race

		Median Net Worth (thousands of 2022 dollars)			% Change
		2016	2019	2022	'19-'22
White	Renters	$10.1	$10.3	$14	36%
	Homeowners	$341.2	$347.6	$442.2	27%
Black	Renters	$1.9	$2.1	$4.2	100%
	Homeowners	$122	$131.1	$202.2	54%
Hispanic/Latino	Renters	$4.9	$6.7	$9.2	37%
	Homeowners	$129.8	$191	$206.4	8%
Asian	Renters	–	–	$55.8	N/A
	Homeowners	–	–	$825.5	N/A
All Other Race and Ethnicity	Renters	$7.1	$7.8	$9.2	N/A
	Homeowners	$309	$346.60	$274	N/A

Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Note: Percent change is not calculated for All Other Race and Ethnicity households because they are not comparable between 2019 and 2022. In 2022 Asian households are omitted from that category, while in 2019 they are included.

Appendix Table 6: Percent of Households Holding and Median Value of Any/All Assets and Potentially Appreciating Assets by Race and Ethnicity

			% Holding		Median Value (thousands of 2022 dollars)	
			2019	**2022**	**2019**	**2022**
Any/All Assets (excluding primary residence)	Renters	White	99.1%	98.8%	$24	$30.5
		Black	98.1%	98.2%	$11.7	$13.5
		Hispanic/Latino	98.1%	98.4%	$15.8	$17.5
		Other Race and Ethnicity	99.3%	99.2%	$16.6	$30.1
	Homeowners	White	100%	99.8%	$180.8	$218
		Black	99.1%	99.1%	$60	$75.5
		Hispanic/Latino	99.6%	97.8%	$48	$70.8
		Other Race and Ethnicity	100%	100%	$158.8	$185.3
Potentially Appreciating Assets (excluding primary residence)	Renters	White	52.6%	53.6%	$28.4	$20
		Black	37.1%	41.3%	$15.5	$15
		Hispanic/Latino	25.1%	29.8%	$17.4	$15.5
		Other Race and Ethnicity	49.2%	51.9%	$18.3	$18
	Homeowners	White	80.3%	82.4%	$171.6	$192
		Black	56.6%	58.2%	$78.8	$100
		Hispanic/Latino	51.4%	52.2%	$95.6	$100
		Other Race and Ethnicity	78%	80.2%	$139.10	$193.4

Source: Federal Reserve Board, Survey of Consumer Finances (SCF)

Note: Median values are only shown for households holding assets.

Methodology

For this analysis, we primarily use the data from two surveys from the Federal Reserve: the Survey of Consumer Finances (SCF) and the Survey of Household Economics and Decisionmaking (SHED). These surveys track respondents' wealth and financial well-being up until 2022 and 2023, respectively. In recent years, U.S. households have seen significant, and occasionally rapid, shifts in their incomes and the costs of expenses. These changes have continued past the survey dates, but these sources, and the SCF in particular, represent the most comprehensive data available on household finance since the start of the COVID-19 pandemic. We also drew upon American Community Survey 1-Year Estimates from the U.S. Census Bureau for additional data on demographics, housing types, housing costs, and income.

While more up-to-date (as recent as Q2 of 2024, just preceding publication date) data exists on economic indicators, market conditions, or certain expenses, there are no more up-to-date, nationally representative public data sources that can identify household financial characteristics (e.g. income, wealth, savings, spending) of renters.

The analyses shown here did not make any adjustments or controls for age. Appendix Tables 3 and 4 show that while middle-aged renters had slightly more wealth in 2022 than older or younger renters, net worth does not vary substantially by age for renters. In analyses not presented, we conducted several checks grouping by or controlling for age. Controlling for age did typically reduce renter-homeowner differences, but by amounts that did not meaningfully change the takeaways or findings at large. For simplicity, results in the paper are presented unadjusted by age.

Endnotes

1 Elmi, Sheida and Bianca Lopez. "Foundations of a New Wealth Agenda." Aspen Institute Financial Security Program, December 2021. www.aspeninstitute.org/wp-content/uploads/2021/11/ASP-FSW_FoundationsNew-WealthAgenda_120121.pdf.

2 US Census Bureau, American Community Survey (ACS) 1-Year Estimates, 2022.

3 US Census Bureau, Current Population Survey/Housing Vacancy Survey, 2023.

4 Board of Governors of the Federal Reserve System. "Changes in US Family Finances from 2019 to 2022." Board of Governors of the Federal Reserve System, October 2023. www.federalreserve.gov/publications/files/scf23.pdf.

5 Andres et al. "The Case for Early Wealth Building Accounts." Aspen Institute Financial Security Program, March 2023. www.aspeninstitute.org/wp-content/uploads/2023/02/ASP-EarlyWealthBuildingAccounts_FINAL1.pdf.

6 Elmi, Sheida and Bianca Lopez. "Foundations of a New Wealth Agenda," 2021.

7 Kochhar, Rakesh and Mohamad Moslimani. "4. The assets households own and the debts they carry." Pew Research Center, December 4, 2023. www.pewresearch.org/2023/12/04/the-assets-households-own-and-the-debts-they-carry/; Yun, Lawrence, and Nadia Evangelou. "Social Benefits of Homeownership and Stable Housing." National Association of Realtors, December 2016. www.nar.realtor/sites/default/files/documents/Homeownership-Stable-Housing2016.pdf.

8 US Census Bureau and US Department of Housing and Urban Development, "Median Sales Price of Houses Sold for the United States [MSPUS]," retrieved from FRED, Federal Reserve Bank of St. Louis. https://fred.stlouisfed.org/series/MSPUS.

9 National Association of Realtors. "NAR Finds Share of First-Time Home Buyers Smaller, Older Than Ever Before." National Association of Realtors, November 3, 2022. www.nar.realtor/newsroom/nar-finds-share-of-first-time-home-buyers-smaller-older-than-ever-before; Lautz et al. "2023 Profile of Buyers and Sellers." National Association of Realtors, November 2023. www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers.

10 Values in parentheses are 2023 medians for first-time home buyers.

11 Lautz et al. "2023 Profile of Buyers and Sellers," November 2023.

12 US Census Bureau, American Community Survey (ACS) 1-Year Estimates, 2022.

13 US Census Bureau, Current Population Survey/Housing Vacancy Survey, 2023.

14 Goodman, Laurie and Jun Zhu. "The Future of Headship and Homeownership." Urban Institute, January 2021. www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership_0.pdf.

15 Analysis not shown. Based on calculations from Federal Reserve Board, Survey of Consumer Finances (SCF), 2022.

16 McKay, Katherine Lucas and Shehryar Nabi. "The New Wealth Agenda: A Blueprint for Building a Future of Inclusive Wealth." Aspen Institute Financial Security Program, June 2023. www.aspeninstitute.org/wp-content/uploads/2023/05/ASP-FSP_NewWealthAgenda_UPDATE.pdf.

17 Elmi, Sheida and Bianca Lopez. "Foundations of a New Wealth Agenda," 2021.

18 Joint Center for Housing Studies of Harvard University. "America's Rental Housing 2024." Joint Center for Housing Studies of Harvard University, 2024. www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf.

19 Currier et al. "American Families Face a Growing Rent Burden." The Pew Charitable Trusts, April 2018. www.pewtrusts.org/en/-/media/assets/2018/04/rent-burden_report_v2.pdf.

20 Desilver, Drew. "As national eviction ban expires, a look at who rents and who owns in the U.S." Pew Research Center, August 2, 2021. www.pewresearch.org/short-reads/2021/08/02/as-national-eviction-ban-expires-a-look-at-who-rents-and-who-owns-in-the-u-s.

21 Mendez-Carbajo, Diego. "Neighborhood Redlining, Racial Segregation, and Homeownership." Federal Reserve Bank of St. Louis, September 1, 2021. www.stlouisfed.org/publications/page-one-economics/2021/09/01/neighborhood-redlining-racial-segregation-and-homeownership; Choi, Jung Hyun et al. "Explaining the Black-White Homeownership Gap." Urban Institute, October 2019. www.urban.org/sites/default/files/publication/101160/explaining_the_black-white_homeownership_gap_2.pdf.

22 Center on Budget and Policy Priorities. "Federal Rental Assistance Fact Sheets." Center on Budget and Policy Priorities, January 19, 2022. www.cbpp.org/research/federal-rental-assistance-fact-sheets#US; Joint Center for Housing Studies of Harvard University. "America's Rental Housing 2024," 2024.

23 Garnham, Juan Pablo, Carl Gershenson, and Matthew Desmond. "New Data Release Shows that 3.6 Million Eviction Cases were Filed in the United States in 2018." Eviction Lab, July 11, 2022. https://evictionlab.org/new-eviction-data-2022; Graetz et al. "Who is Evicted in America." Eviction Lab, October 3, 2023. https://evictionlab.org/who-is-evicted-in-america.

24 US Census Bureau, American Community Survey (ACS) 1-Year Estimates, 2013–2022.

25 US Census Bureau, American Community Survey (ACS) 1-Year Estimates, 2022.

26 US Census Bureau, American Housing Survey, 2021.

27 US Census Bureau, American Community Survey (ACS) 1-Year Estimates, 2022.

28 Currier et al. "American Families Face a Growing Rent Burden," 2018.

29 Perkins, Kristin. "Tenure Transitions Are More Common Than We Think." Housing Perspectives, October 3, 2018. www.jchs.harvard.edu/blog/tenure-transitions-are-more-common-than-we-think.

30 Board of Governors of the Federal Reserve System. "Economic Well-Being of US Households in 2023." Board of Governors of the Federal Reserve System, May 2024. www.federalreserve.gov/publications/files/2023-report-economic-well-being-us-households-202405.pdf.

31 Greig, Fiona, Chen Zhao, and Alexandra Lefevre. "Renters vs. Homeowners: Income and Liquid Asset Trends during COVID-19." JPMorganChase Institute, March 2021. www.jpmorganchase.com/institute/all-topics/community-development/renters-homeowners-income-and-liquid-asset-trends-during-covid-19.

32 Hepburn et al, "COVID-era policies cut eviction filings by more than half." Eviction Lab, May 3, 2023. https://evictionlab.org/covid-era-policies-cut-eviction-filings-by-more-than-half.

33 Ellis, Tim. "Rental Market Tracker: Asking Rents Climb 11% in August, the Smallest Gain in a Year." Redfin News, September 21, 2022. www.redfin.com/news/redfin-rental-report-august-2022.

34 Katz, Lily. "US Asking Rents Ticked Up for Second Straight Month in May, Hitting Highest Level Since 2022." Redfin News, June 11, 2024. www.redfin.com/news/asking-rents-highest-since-2022.

35 Joint Center for Housing Studies of Harvard University. "America's Rental Housing 2024," 2024.

36 Choi, Jyung Hun, Elizabeth Burton, and Kathryn Reynolds. "High Rents Are Posing Financial Challenges for Renters at All Income Levels." Urban Institute, May 1, 2024. www.urban.org/urban-wire/high-rents-are-posing-financial-challenges-renters-all-income-levels.

37 Airgood-Obrycki, Whitney and Peyton Whitney. "Inflation Pressures are Stressing Renter Households." April 17, 2023. Joint Center for Housing Studies of Harvard University. www.jchs.harvard.edu/blog/inflation-pressures-are-stressing-renter-households; Weedon, Sophia. "Renters Struggle with Competing Costs of Food, Energy, and Housing." August 8, 2024. Joint Center for Housing Studies of Harvard University. www.jchs.harvard.edu/blog/renters-struggle-competing-costs-food-energy-and-housing.

38 Board of Governors of the Federal Reserve System. "Changes in US Family Finances from 2019 to 2022." Board of Governors of the Federal Reserve System, October 2023. www.federalreserve.gov/publications/files/scf23.pdf.

39 Elmi, Sheida and Bianca Lopez. "Foundations of a New Wealth Agenda," 2021.

40 US Census Bureau, American Community Survey (ACS) 1-Year Estimates, 2022; Joint Center for Housing Studies of Harvard University. "America's Rental Housing 2024," 2024.

41 Joint Center for Housing Studies of Harvard University. "America's Rental Housing 2024," 2024.

42 Analysis by income not shown. Based on calculations of Federal Reserve Board, Survey of Consumer Finances (SCF), 2022.

43 Lautz et al. "2023 Profile of Buyers and Sellers," November 2023.

44 Greig, Zhao, and Lefevre. "Renters vs. Homeowners: Income and Liquid Asset Trends during COVID-19," March 2021.

45 Choi, Burton, and Reynolds. "High Rents Are Posing Financial Challenges for Renters at All Income Levels," May 1, 2024.

46 Analysis not shown, based on calculations of Federal Reserve Board, Survey of Consumer Finances (SCF), 2019–2022; According to research from JPMorgan Chase, "Families need roughly six weeks of take-home income in liquid assets to weather a simultaneous income dip and expenditure spike." See Farrel, Diana, Fiona Greig, and Chen Xi-Yu. "Weathering Volatility 2.0: A Monthly Stress Test to Guide Savings." JPMorgan Chase & Co. Institute, October 2019, www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-volatility-cash-buffer-report.pdf.

47 Li, Wei and Laurie Goodman. "Comparing Credit Profiles of American Renters and Owners." Urban Institute, March 2016. www.urban.org/sites/default/files/publication/78591/2000652-Comparing-Credit-Profiles-of-American-Renters-and-Owners.pdf.

48 Fulford, Scott et al. "Making Ends Meet in 2023: Insights from the Making Ends Meet Survey." CFPB Office of Research, December 2023. https://files.consumerfinance.gov/f/documents/cfpb_making-ends-meet-in-2023_report_2023-12.pdf.

49 Board of Governors of the Federal Reserve System. "Changes in US Family Finances from 2019 to 2022," October 2023.

50 US Census Bureau, Current Population Survey/Housing Vacancy Survey, 2023.

51 Aladangady, Aditya, Andrew C. Chang, and Jacob Krimmel. "Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances." FEDS Notes, October 18, 2023. www.federalreserve.gov/econres/notes/feds-notes/greater-wealth-greater-uncertainty-changes-in-racial-inequality-in-the-survey-of-consumer-finances-20231018.html; The Collaborative for Equitable Retirement Savings. "Same Income, Same 401(k), Different Account Balance: The Critical Role of Retirement Plan Design in Addressing Racial and Gender Retirement Savings Gaps." Morningstar, Defined Contribution Institutional Investment Association, and the Aspen Institute Financial Security Program, March 2024. https://images.mscomm.morningstar.com/Web/MorningstarInc/%7B3aea3d17-27ea-4638-a17f-c7353959c5e9%7D_CFERS-2024-March-Summary.pdf.

52 Notably, the median value of potentially appreciating assets for renters fell from 2019 to 2022 (despite an overall increase in asset value). These declines could be due to several reasons, such as new entrants who come into these assets with smaller amounts and bring down median and average values, withdrawals from retirement or brokerage accounts, or from market and asset value declines over the period. See Appendix tables for more details.

53 For examples that focus on renters and cash savings, see US Department of Housing and Urban Development. "Bridging the Wealth Gap: An Agenda for Economic Justice and Asset Building for Renters." US Department of Housing and Urban Development. www.hud.gov/sites/dfiles/PIH/documents/Bridging_Wealth_Gap.pdf.

54 Based on calculations of Federal Reserve Board, Survey of Consumer Finances (SCF), 2016–2022.

55 U.S. Department of the Treasury. "Emergency Rental Assistance Program." U.S. Department of the Treasury. https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program.

56 Freemark, Yonah and Corianne Payton Scally. "LIHTC Provides Much-Needed Affordable Housing, But Not Enough to Address Today's Market Demands." Urban Wire, July 11, 2023. www.urban.org/urban-wire/lihtc-provides-much-needed-affordable-housing-not-enough-address-todays-market-demands.

57 US Department of Housing and Urban Development. "Bridging the Wealth Gap: An Agenda for Economic Justice and Asset Building for Renters."

58 Elmi, Sheida and Bianca Lopez. "Foundations of a New Wealth Agenda," 2021.

59 Stark, Ellen. "Expanding Worker Access to Automatic Enrollment in Retirement Savings." Aspen Institute Financial Security Program, November 2021. www.aspeninstitute.org/wp-content/uploads/2021/11/Expanding-Worker-Access-to-Automatic-Enrollment-into-Retirement-Savings-April-27-Session-1-1.pdf; The Pew Charitable Trusts. "Federal Saver's Match Could Benefit Millions of Low- to Moderate-Income Americans." The Pew Charitable Trusts, April 12, 2024. www.pewtrusts.org/en/research-and-analysis/fact-sheets/2024/04/federal-savers-match-could-benefit-millions-of-low-to-moderate-income-americans.

60 Andres et al, "The Case for Wealth Building Accounts," 2023.

61 American Opportunity Accounts Act, S.441, 118th Congress (2023); 401Kids Savings Account Act of 2024, S.3716, 118th Congress (2024).

62 Enterprise "Renter Wealth Creation Fund." Enterprise Community Partners. www.enterprisecommunity.org/impact-areas/upward-mobility/renter-wealth-creation.

63 Divounguy, Orphe, "Despite 7% Mortgage Rates, One in Seven Families Could Still Afford To Take On A New Mortgage." Zillow Research, June 18, 2024. www.zillow.com/research/7-mortgage-rates-affordability-34155.

64 Lautz et al. "2023 Profile of Buyers and Sellers," November 2023.

65 Cox, Elena. "The Death of the Starter Home: Where Have All the Small Houses Gone?" Realtor.com, October 18, 2021. www.realtor.com/news/trends/death-of-the-starter-home-where-have-all-the-small-houses-gone; McKay, Katherine and Shehryar Nabi. "101 Solutions for Inclusive Wealth Building." Aspen Institute Financial Security Program, May 2022. www.aspeninstitute.org/wp-content/uploads/2022/04/ASP-FSW_101Solutions_FINAL_Single1.pdf.

66 McKay, Katherine and Shehryar Nabi. "101 Solutions for Inclusive Wealth Building," May 2022.

67 Neal, Karama. "Land and Opportunity: Reforming Heirs Property Rights." In The Future of Building Wealth: Brief Essays on the Best Ideas to Build Wealth—for Everyone. Aspen Institute and the Federal Reserve Bank of St. Louis, September 2021. https://live-future-of-building-wealth.pantheonsite.io/wp-content/uploads/2021/09/Sec5-Ch38-Neal.pdf.

68 Narragon et al. "Racial and Ethnic Valuation Gaps In Home Purchase Appraisals." Freddie Mac, September 20, 2021. www.freddiemac.com/research/insight/20210920-home-appraisals; Howell, Junia and Elizabeth Korver-Glenn. "The Increasing Effect of Neighborhood Racial Composition on Housing Values, 1980-2015." Social Problems 68, no. 4 (November 2021): 1051–1071. https://academic.oup.com/socpro/article-abstract/68/4/1051/5900507.

69 Elmi, Sheida, Bianca Lopez, and Shehryar Nabi. "A Gathering Storm: Why the Growth in Climate Hazards Matters for Household Financial Security." Aspen Institute Financial Security Program, March 2024. www.aspeninstitute.org/wp-content/uploads/2024/03/ASPENFSP-A-Gathering-Storm.pdf.

70 Nabi, Shehryar and Karen Biddle Andres. "Rainy Days Don't Retire: Older Adults, Financial Shocks, and the Promise of Emergency Savings Tools." Aspen Institute Financial Security Program, March 2024. www.aspeninstitute.org/wp-content/uploads/2024/03/Aspen-FSP_Rainy-Days-Dont-Retire.pdf.

71 National Low-Income Housing Coalition. "About Out of Reach." National Low-Income Housing Coalition. https://nlihc.org/oor/about.

72 National Association of Counties. "Housing Solutions Matchmaker Tool." National Association of Counties, July 11, 2022. www.naco.org/resources/housing-solutions-matchmaker-tool.

FINANCIAL SECURITY PROGRAM

aspen institute