A shattered foundation

African Americans who bought homes in Prince George’s have watched their wealth vanish

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African Americans for decades flocked to Prince George’s County to be part of a phenomenon that has been rare in American history: a community that grew more upscale as it became more black.

The county became a national symbol of the American Dream with a black twist. Families moved into expansive new homes, with rolling lawns, nearby golf courses and, most of all, neighbors who looked like them. In the early 2000s, home prices soared — some well beyond $1 million — allowing many African Americans to build the kind of wealth their elders could only imagine.

But today, the nation’s highest-income majority-black county stands out for a different reason — its residents have lost far more wealth than families in neighboring, majority-white suburbs. And while every one of these surrounding counties is enjoying a strong rebound in housing prices and their economies, Prince George’s is lagging far behind, and local economists say a full recovery appears unlikely anytime soon.

The same reversal of fortune is playing out across the country as black families who worked painstakingly to climb into the middle class are seeing their financial foundation for future generations collapse. Although African Americans have made once-unthinkable political and social gains since the civil rights era, the severe and continuing damage wrought by the downturn —

an entire generation of wealth was wiped out — has raised a vexing question: Why don't black middle-class families enjoy the same level of economic security as their white counterparts?

The impact of the financial devastation of the past several years is hardly visible along the quiet, well-tended streets of many Prince George's neighborhoods. The county has the highest foreclosure rate in the District region, yet few houses appear to be abandoned.

Instead, the slow-motion crisis operates mostly in private, limiting people's options, constricting their vision and forcing a seemingly endless series of hard choices. Having your wealth vanish means making pivotal life decisions — about where to send your children to school, saving for college, making home improvements and setting aside something for retirement — knowing you have no financial leeway.

"This big gorilla on your back, it changes you," said Fred Bryant, 40, who lives with his wife and two daughters in a brick-front Colonial featuring a one-acre lot, high ceilings, an impressive two-story foyer and a mortgage far higher than the house is worth. "Sometimes you find yourself boiling mad when you shouldn't be."

Bryant and his wife, Jennifer, made it to the middle class after being raised on the edges of poverty. But whatever wealth they had built is gone.

Jennifer Bryant grew up in Prince George's County, living in a Seat Pleasant apartment complex with her mother and brother. "All I ever experienced was apartment living," she said. "We moved from one part of the complex to another." Her father died when she was just 5, and her mother was a homemaker who poured her energies into seeing to it that her children had it better than she did.

Fred's parents were separated, and his father was disabled and unable to help financially. His mother worked odd jobs in the tobacco fields near his hometown of Maysville, N.C., and other times she relied on public assistance. She raised Fred and his brother in a subsidized two-bedroom apartment that Fred remembers as being little bigger than his current living room and dining room.

Still, Jennifer and Fred managed to graduate college, although their mothers could lend only moral support. Today, she works as a supervisor in the federal workforce. He is a manager for a sports memorabilia firm.

The problem is not their income but their home. Once a source of wealth, it is now their biggest financial burden.

The Bryants owe just over $560,000 on their house, which they estimate is worth about $80,000 less than that. Since they moved in 2001, their monthly payment has more than doubled to nearly $3,900 a month — a predicament that arose because of an ill-advised refinancing into a loan whose terms the federal government now deems predatory.

The couple have never missed a mortgage payment. But now they are struggling to hold on. They have pulled their two pre-teen daughters out of private school. They bought inexpensive used cars. Instead of going on vacation last summer, they took the girls to Six Flags America, a nearby amusement park. They have little saved for college or retirement.

"We're paying and paying, but we can't get ahead," Jennifer said.

Wealth in black and white

The recession and tepid recovery have erased two decades of African American wealth gains. Nationally, the net worth of the typical African American family declined by one-third between 2010 and 2013, according to a Washington Post analysis of the Federal Reserve's Survey of Consumer Finances, a drop far greater than that of whites or Hispanics.

The top half of African American families — the core of the middle class — is left with less than half of the typical wealth they possessed in 2007. The wealth of similarly situated whites declined by just 14 percent.

Overall, the survey found, the typical African American family was left with about eight cents for every dollar of wealth held by whites.

Not only is African American wealth down, but the chances of a quick comeback seem bleak. Just over a decade ago, homeownership — the single biggest engine of wealth creation for most Americans — reached a historic high for African Americans, nearly 50 percent. Now the black homeownership rate has dipped under 43 percent, and the homeownership gap separating blacks and whites is at levels not seen in a century, according to Boston University researcher Robert A. Margo.

"There was never a period in American history where the wealth gap was not enormous, but after this most recent recession, the wealth gap went from dismal to even worse," said Darrick Hamilton, a professor of economics and urban policy at the New School in Manhattan.

For a substantial number of African Americans who remain homeowners, their properties only hurt their net worth. According to the Fed survey, 1 in 7 owed more on their mortgages than their homes were worth in 2013, a sharp increase from 2010.

By comparison, just 1 in 18 white homeowners was underwater, an improvement from 2010. Also, African Americans own fewer businesses, stocks and other equities than whites — assets that have all recovered sharply since the recession.

Many researchers say the biggest portion of the wealth gap results from the strikingly different experiences blacks and whites typically have with homeownership. Most whites live in largely white neighborhoods, where homes often prove to be a better investment because people of all races want to live there. Predominantly black communities tend to attract a narrower group of mainly black buyers, dampening demand and prices, they say.

In places such as Prince George's County, where many people chose to live at least in part because of the comfort and familiarity they felt in a majority-black community, that meant their home brought them less wealth than if they had purchased elsewhere, economists say.

Scholars who have studied this dynamic and real estate professionals who have lived it say the price differences go beyond those that might be dictated by the perceived quality of schools, or the public and commercial investment made in particular neighborhoods. The big difference maker, they say, is race.

Mark E. Alston, who has worked for more than two decades as a real estate broker in Los Angeles and serves as political action chairman for the National Association of Real Estate Brokers, a trade group, noted that View Park, a mostly black and upper-middle-class community in Los Angeles featuring spacious Mediterranean and Spanish Colonial style homes not far from downtown, draws few white home buyers. Not coincidentally, he said, prices there are lower than in otherwise comparable Los Angeles neighborhoods.

"Regardless of geography, if you own a home in a majority-minority neighborhood, you are going to get less value out of it than if you own a home in a homogeneous white neighborhood," said Dorothy A. Brown, an associate vice provost and law professor at Emory University, who has studied the impact of race on home prices. “This transcends class.”

Tale of two zip codes

A Washington Post analysis of housing values in two suburban Washington Zip codes — one in a mostly black Bowie, Md., neighborhood of Prince George’s County and the other in a mostly white area of Reston, Va. — sketches a vivid picture of how African Americans have been hit harder by lagging home prices in the recession’s wake.

Average values in the two communities were virtually identical between 2000 and 2005, though prices in Bowie peaked at more than $620,000 in 2006, while home prices in Reston topped out a year earlier at $520,000.

Then the bust came. In 2009, Reston prices bottomed out at $360,000. In Bowie, they fell much farther, dropping to about $330,000 in 2012 — nearly half.

By 2014, Reston prices bounced back to within $65,000 of their peak, while prices in the Bowie Zip code were still nearly $300,000 below their high point.

A long history of inequality

The economic deck has been stacked against African Americans from the start. The vast majority of blacks emerged from slavery with no money. New Deal worker protections, from the Fair Labor Standards Act, which set a minimum wage, to Social Security, initially excluded the many African Americans who then labored as domestic workers and tenant farmers. The Federal Housing Administration’s loan policies excluded many of them from the homeownership deals that allowed many whites to move to the suburbs, helping them create wealth. Similarly, most African Americans were excluded from the GI Bill benefits that followed World War II.

Even as the nation made astounding social progress that led to significant African American educational gains and the election of thousands of African American political leaders in offices up to the White House, economic progress has mostly lagged.

African Americans were able to build some wealth as they moved to suburbs in large numbers beginning in the 1980s. That migration helped transform Prince George's from a semi-rural, predominantly white county into a center of black political power and a magnet for a fast-expanding black middle class. The county became home to thousands of black-owned businesses, including many government contractors, and for the past two decades its political leadership has been largely African American.

Fast-rising home prices that accompanied the housing boom seemed to herald a new day. But those gains proved to be short-lived.

'I feel stuck'

African Americans were disproportionately targeted for predatory loans, which only intensified the financial damage caused by the downturn. Now the old housing market dynamics have returned, with relatively few blacks getting home loans, trimming housing demand in African American communities and putting a clamp on prices.

That has harmed even the most responsible home buyers.

Denise Watson bought a two-bedroom townhome in the Villages of Marlborough in 2005. The deck off her kitchen overlooked the 11th fairway of the neighborhood golf course. Nearby were a tennis court and community swimming pool.

She saw the home, which cost $315,000, as a good first step to building some equity as the years wound down on her 24-year Air Force career. Watson, who works for the Department of Veterans Affairs, had hoped to eventually trade up to a detached home.

But now that plan is on hold indefinitely because the investment she thought would help her build wealth has left her nearly $100,000 in the hole. The dizzying downturn and weak recovery have caused many of her neighbors to simply walk away even as Watson and her husband have made every mortgage payment.

Investors have swooped in, snapping up homes and transforming them into rentals. Meanwhile, the golf course has gone out of business, the neighborhood pool is being filled in and the tennis courts are unusable.

“I feel stuck, which hurts after you have worked so hard and done everything that society says you are supposed to do to grab your piece of the American Dream,” she said. “I would never have thought that in all my years this would happen.”

It is a burden that real estate professionals say confronts homeowners in many heavily African American neighborhoods.

Emerick A. Peace, operating partner of Keller Williams Preferred Properties in Upper Marlboro, said that homes in the county are undervalued. But that will not change, he said, until more people of all races show interest in moving there. Demand from only African Americans in effect puts a lid on prices, he said.

“We haven’t gotten to that place in Prince George’s County where the people who can drive up the price of housing have decided to move here,” he said.

The Bryants did not care who else was interested in living in the county when they were weighing whether to buy a new house. They looked in Northern Virginia and elsewhere in the region but decided to focus their search in Prince George’s, where they concluded that they could get more for their money.

The search ended when they saw plans for their Upper Marlboro home. They were drawn by the spacious lot, the quiet streets and the knowledge that many neighbors would be like them: black and middle class. They were sold when they learned they could make their nearly $20,000 down payment in installments as the house was being constructed.

Still, knowing they had good income but little cash, they were wary of overspending. They had been married only a couple of years and were juggling college loans. Also, Jennifer was pregnant with their first daughter, Harmony. So they worked hard to sift through the possible amenities. Should they finish the basement? What kind of tile should they go for in the kitchen?

“We tried to make decisions consciously,” said Jennifer, 45, who earned her undergraduate degree at Strayer University and holds a master’s degree from the University of Maryland.

“We tried to put a lot of thought into what we were doing.”

They ended up paying $336,000 for the 3,600-square-foot home, which left them with a manageable monthly payment.

Fred, 41, visited the home site nearly every day to watch the family investment take shape. He took pictures as excavators dug out the basement. He watched the masons lay brick for the facade. And he called the builder to intervene when workers told him they could not make the driveway wide enough to accommodate two cars.

The Bryants moved in on Dec. 18, 2001. They spent the first night there on the floor of the master bedroom, wrapped in a blanket. They had never been happier.

Things went well early on. The house increased in value, and the Bryants felt confident that buying the house was the right move. Their second daughter, Jayla, was born in 2004, and not long after that they decided to send Harmony to private school.

Later, Jayla followed her sister to private school. But the bills became a strain, even with the family's income, which was well into six figures. With their home's value rising, they took a home equity loan. Then after receiving a phone solicitation, they refinanced into an adjustable-rate mortgage that offered a teaser rate that gave them the option of making smaller monthly payments. Little did they know at the time, but that deal increased the size of their loan if, as was often the case, they made only the minimum monthly payment.

That decision created a financial problem that would have solved itself had their home's value gone up. Instead, it crashed — and has yet to fully recover. Meanwhile, the Bryants can only hope that will change sometime soon.

"This has become a faith walk for us," Fred said, his arm around his wife as they sat on their living room couch. "Literally, we are surviving by God's grace."

Database editors Steven Rich and Ted Mellnik contributed to this report.