



MONITORING POVERTY AND WELL-BEING IN NYC

Spotlight on
**THE RACIAL
WEALTH GAP
IN NEW YORK CITY**

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INTRODUCTION

Total wealth, or the sum of one’s assets net any debts, is a key measure of a person’s economic well-being. Assets, when available, can provide economic security and offset the risk of material hardship in the face of economic shocks.¹ Parental wealth can also play a role in improving children’s outcomes—from education to health and development—by allowing families more financial flexibility to invest in their children during childhood.² Wealth also provides economic security in retirement and can be inherited by younger generations, creating intergenerational economic opportunity.³ But in the United States, wealth is even more unequally distributed than income. Worse, wealth inequality has grown substantially over time. In 2018, upper-income families in the United States held 79% of the country’s aggregate wealth, up from 60% in 1983. Across the same period, the share of wealth held by middle-income families fell from 32% to 17%, and for lower-income families, from 7% to 4%.⁴

There are also stark gaps in wealth across racial and ethnic groups. Recent estimates show that Black and Latino Americans hold less than one dollar in wealth for every five dollars held by white Americans,⁵ and a long history explains these disparities. Well-documented evidence of discrimination, especially in the housing market, including subprime lending, high rates of mortgage denials, and neighborhood devaluations on the basis of race, prevented homeownership for certain racial/ethnic groups.⁶ Unequal access to other assets, including stocks, bonds, and even inheritances, have also led to uneven levels of wealth accumulation by race/ethnicity.⁷ These patterns are reinforced by intergenerational wealth transfers in the form of inheritances, which themselves were made possible by centuries of race-based oppression, exploitation, and discrimination.⁸ And, despite growth in the total wealth held by Black and Latino households in recent decades, the racial wealth gap has only widened given faster growth in total wealth among white households.⁹ While less is known about the wealth gaps between Asian Americans and other racial and ethnic groups, studies find comparable levels of wealth between Asian and white Americans at the

¹ Maury et al. “Liquid assets, financial shocks, and entrances into material hardship.”

² Grinstein-Weiss, Shanks, and Beverly, “Family assets and child outcomes.”

³ Percheski and Gibson-Davis, “A penny on the dollar.”

⁴ These statistics come from Horowitz, Igielnik and Kochhar, “Trends in income and wealth inequality.” In the analysis underlying these statistics, middle income families are those with income between 66% and 200% of median family income (adjusted for family size). Lower income families have incomes below \$40,100 and upper income families have incomes above \$120,400 in \$2018, according to the methodological notes.

⁵ Aladangandy and Forde, “Wealth inequality and the racial wealth gap.”

⁶ Krivo and Kaufman, “Housing and wealth inequality: racial-ethnic differences in home equity in the United States.”; Choi et al., “Explaining the black-white homeownership gap: a closer look at disparities across local markets.”

⁷ McKernan et al., “Do racial disparities in private transfers help explain the racial wealth gap? New evidence from longitudinal data.”; Chiteji and Hamilton, “Family connections and the Black-white wealth gap among middle-class families.”; Ashman and Neumuller, “Can income differences explain the racial wealth gap?”; Wilson and Darity, “Understanding Black-white disparities in labor market outcomes requires models that account for persistent discrimination and unequal bargaining power.”; Petach and Tavani, “Differential rates of return and racial wealth inequality.”; Blanchflower, Levine and Zimmerman, “Discrimination in the small-business credit market.”

⁸ Menchik and Jianakoplos, “Black-white wealth inequality: is inheritance the reason?”; Jones and Neelakantan, “How big is the inheritance gap between Black and white families?”

⁹ Shapiro, Meschede, and Osoro, “The widening racial wealth gap.”; Perry, Stephens, and Donoghoe. “Black wealth is increasing, but so is the racial wealth gap.”

median, but that the average wealth level of white Americans is much higher than that of Asian Americans given wealth levels held by white Americans at the top of the distribution.¹⁰

The racial wealth gap is well documented at the national level, and the Color of Wealth Project recently embarked on a series of innovative studies of wealth by race, ethnicity, and national origin in seven cities across the country (with research ongoing in additional locations).¹¹ But little is known about this gap in New York City. The Poverty Tracker is, however, one of the few representative data sources on assets and debts at the local level. This report harnesses this unique data from the Poverty Tracker, collected between 2017-2021, to document the magnitude of the racial wealth gap in New York City. We show gaps in total wealth between Asian, Black, Latino, and white New Yorkers; how these differences vary across different classes of assets and debts, including home equity; and how these differences play out in terms of wealth- and asset-based poverty measures.¹² We evaluate wealth at the individual level, or, if one has a spouse or partner, at the level of the couple. These findings provide a deeper understanding of the intersection of racial and economic inequality beyond what is already captured by standard poverty measurements, and this more comprehensive understanding of wealth inequality and the racial wealth gap in the city can inform efforts to help New Yorkers build assets, relieve debts, and strengthen economic security in the city.

¹⁰ Kochhar and Moslimani, “Wealth surged in the pandemic, but debt endures for poorer black and Hispanic families: wealth gaps within racial and ethnic groups.”; Patraporn, Ong and Houston, “Closing the Asian-white wealth gap?”; Weller and Thompson, “Wealth inequality more pronounced among Asian Americans than amongst whites.”

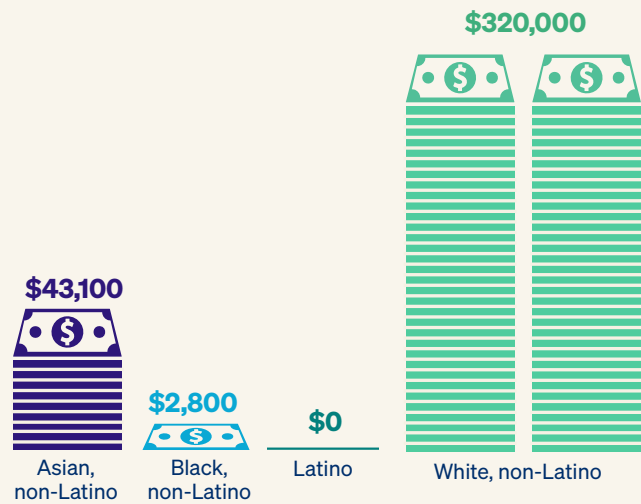
¹¹ See <https://racepowerpolicy.org/color-of-wealth/> and <https://colorofwealth.org/>

¹² We limit our analysis to Asian, Black, Latino, and white New Yorkers due to sample size constraints; we note that disparities may exist across and within racial/ethnic groups (including those not shown in our results). For example, important wealth differences may exist within race/ethnic groups by whether respondents are U.S. or foreign born, or among different ethnic groups (e.g., people of Mexican descent, people of Puerto Rican descent, etc.). Larger sample sizes would enable future research that disaggregates within these heterogeneous populations.

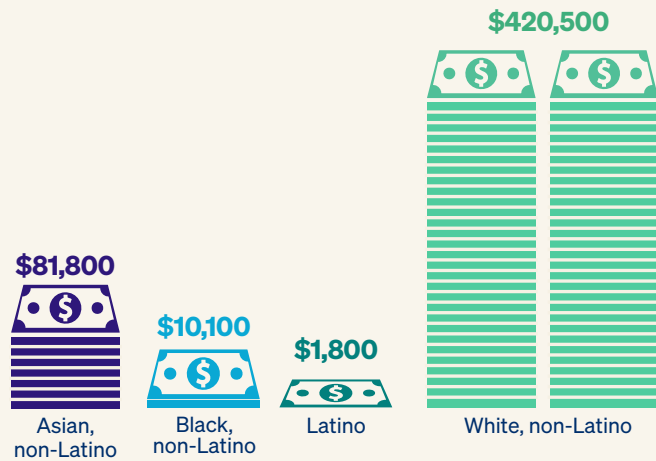
KEY FINDINGS



The racial wealth gap in New York City is extreme. The **median total wealth** (assets minus debts) held by **Asian, Black** and **Latino** New Yorkers (at \$43,100, \$2,800, and \$0, respectively) is dwarfed by that held by **white** New Yorkers (**\$320,000**).



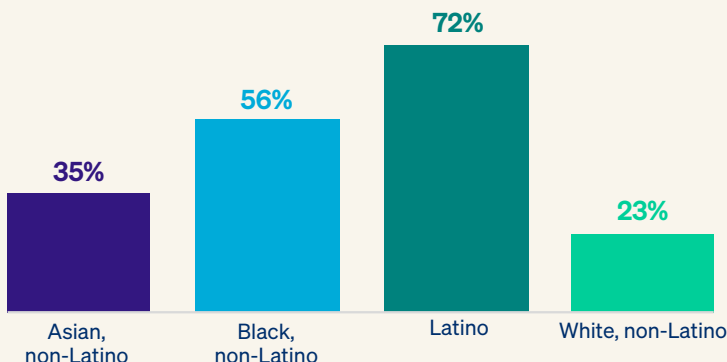
The **median total assets** (not including debts) for **white** New Yorkers is also substantially greater than that of **Asian, Black** and **Latino** New Yorkers (**\$420,500 vs. \$81,800, \$10,100, and \$1,800, respectively**).



Asian and white New Yorkers tend to have higher median debt levels than Black and Latino New Yorkers, though this difference is largely explained by their higher likelihood of home ownership and mortgage values. Black and Latino New Yorkers are more likely than white and Asian New Yorkers to carry other forms of debt, including medical debt, educational debt, and credit card debt.



Those who cannot afford 3 months of minimum living expenses



Poverty measures that account for wealth—which estimate if one’s total wealth can cover three months of minimum living expenses—also show stark racial and ethnic disparities. When compared to white New Yorkers, Asian New Yorkers are roughly 1.5 times as likely to be wealth-poor (35% vs. 23%), Black New Yorkers are more than twice as likely (56% vs. 23%), and Latino New Yorkers are more than three times as likely (72% vs. 23%).

About the Poverty Tracker

Launched in 2012, the Poverty Tracker surveys a representative sample of New Yorkers several times throughout the year, providing critical information on the dynamics of poverty and other forms of disadvantage in the city. Unlike other surveys, the Poverty Tracker explores how New Yorkers experience poverty and material hardship over time, rather than in a single day, month, or year. In addition, the Poverty Tracker focuses on more than just income poverty; annually, the study collects data on other core measures of disadvantage, material hardships, and health problems. We use these alternative measures to understand how certain disadvantages, or multiple, overlapping disadvantages, make it harder for New Yorkers to get by. The Poverty Tracker also collects data on other aspects related to New Yorkers' well-being, from asset and debt accumulation, to social service program utilization, to spending and consumption patterns, in order to form a better understanding of how New Yorkers are faring within the city.

About our approach

The Poverty Tracker collects data on the combined assets and debts of individuals and their spouses, which are used to generate measures of total wealth. The complete list of assets and debts measured is detailed below.¹³ We acknowledge that aggregating broad classes of assets may mask some critical distinctions across asset types (e.g., retirement accounts versus stocks and bonds). We also note that all asset and debt values are self-reported by respondents; self-reported asset values are the value given by the respondent if they had to liquidate their assets at the time of being surveyed.

ASSETS	DEBTS
→ bank account values (checking and savings),	→ home mortgage,
→ value of CD and money market accounts,	→ educational debt,
→ shares of stock or stock mutual funds,	→ medical debt,
→ treasury bills, corporate, municipal, government or foreign bonds, or bond funds,	→ credit card debt, and
→ current home value,	→ any other debts.
→ current retirement accounts values ¹⁴ ,	
→ life insurance policies,	
→ farm and/or business values, and	
→ other assets.	

For this analysis, we pool together data from three Poverty Tracker cohorts, surveyed in 2017, 2019, and 2021. Respondents self-report data on their race and ethnicity, which we use to analyze differences in asset and debt values.¹⁵ We restrict our analysis to Asian (624 respondents),¹⁶ Black (1,175 respondents), Latino (1,305 respondents), and white New Yorkers (1,781 respondents)—a total sample of 4,885 respondents. We report on median wealth, assets, and debt values across racial and ethnic groups as opposed to average values, as median values represent the middle point of a distribution.¹⁷

¹³ The Poverty Tracker also collects data on vehicle ownership, but following Gibson-Davis et al. (2020), we do not include the value of vehicles when evaluating individuals' assets.

¹⁴ Retirement accounts do not include the value of Social Security, which Black and Latino populations have been found to rely upon more in retirement than white retirees; Dushi, Iams, and Trenkamp, "The importance of social security benefits to the income of the aged population."

¹⁵ See Appendix A for more detail on the Poverty Tracker's race and ethnicity variables.

¹⁶ We note that prior to 2020, the Poverty Tracker only surveyed New Yorkers in English or Spanish, limiting the generalizability of findings pertaining to Asian New Yorkers. In 2020, we added an oversample of respondents of Chinese origin to help make the sample more representative of New York City's Asian community, and began also surveying New Yorkers in Mandarin (by phone) and simplified and traditional Chinese (online). The wealth data presented in this report come from both before and after the introduction of this change, so results for Asian New Yorkers should be interpreted with some caution.

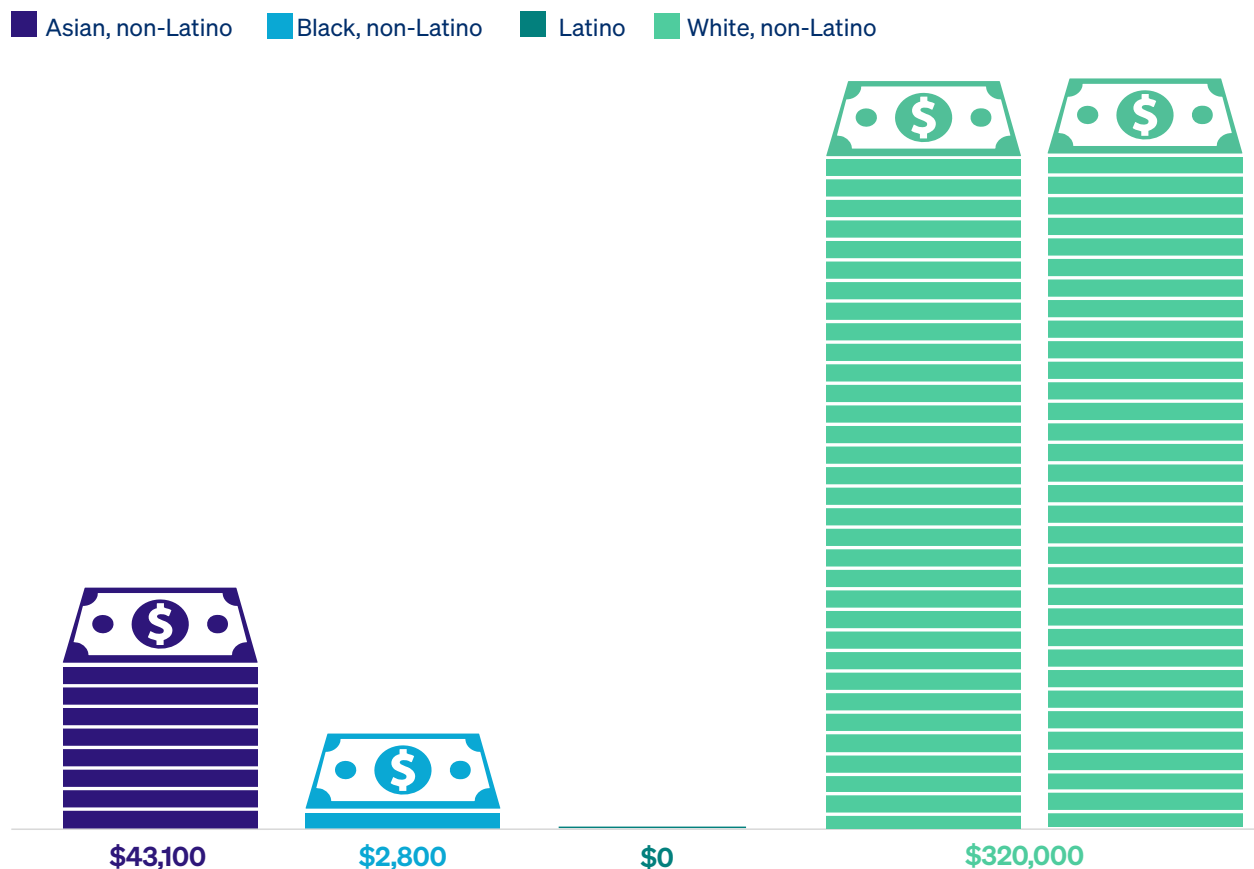
¹⁷ Medians are frequently used when analyzing wealth data. By using the median estimates, our results are not affected by extreme outliers and skewed distribution, such as very high wealth levels, in the distribution of assets and debts.

What is the scale of the racial wealth gap in New York City?

Wealth is the net value of one's assets after accounting for any existing debt. Figure 1 shows that the median wealth held by Asian, Black and Latino New Yorkers is well below that held by white New Yorkers. At \$2,800 and \$0 respectively, the median wealth held by Black and Latino New Yorkers is less than 1% of the median wealth held by white New Yorkers (\$320,000). The median wealth held by Asian New Yorkers, \$43,100, is greater than that of both Black and Latino New Yorkers; however, it reflects roughly 13% of the median wealth of white New Yorkers. This striking racial wealth gap reflects a history of unequal opportunities for access to wealth-building assets and uneven rates of return.¹⁸ Moreover, the substantial differences in median wealth paint a more comprehensive picture of racial inequality within the city that may also relate to differences in the risk of poverty and hardship.

Figure 1

Median wealth of New Yorkers, by race/ethnicity



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Wealth is the sum of all assets minus all debts. Assets include bank account value, home value, value of CD and money market accounts, stocks, bonds, treasury bills, the current redeemable value of retirement savings and life insurance policies, farm and/or business value, and any other assets. All debts include credit card debt, educational debt, medical debt, home mortgage, and any other debts. Median estimates are rounded to the nearest hundred.

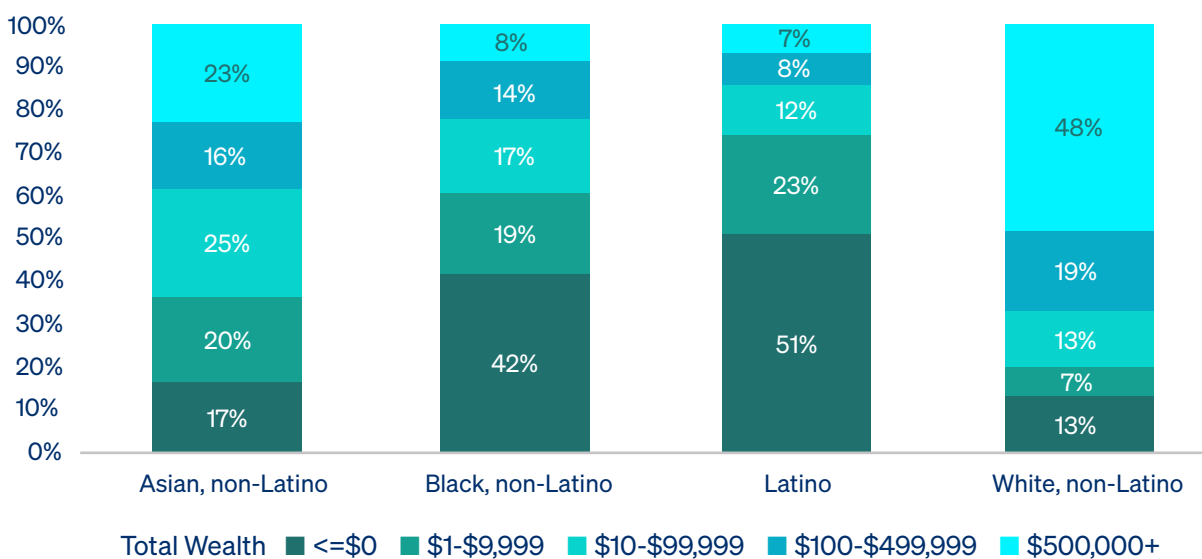
¹⁸ Medians are frequently used when analyzing wealth data. By using the median estimates, our results are not affected by extreme outliers and skewed distribution, such as very high wealth levels, in the distribution of assets and debts.

Differences in the total wealth held by New Yorkers of different racial groups exist not only when considering the median value, but across the wealth distribution.¹⁹ Figure 2 illustrates that almost half of Black (42%) New Yorkers and Latino New Yorkers (51%) have zero positive wealth, compared to 17% of Asian New Yorkers and 13% of white New Yorkers. Conversely, almost **half of white New Yorkers (48%) have wealth greater than \$500,000, while this is true of a quarter of Asian New Yorkers (23%) and less than one tenth of Black (8%) and Latino (7%) New Yorkers.**

In the following sections, we break down wealth into its two main components: assets and debts. We explore the degrees to which the prevalence of certain assets and debts varies for Asian, Black, Latino and white New Yorkers, as well the differences in their median values.

Figure 2

Wealth distribution among New Yorkers, by race/ethnicity



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Due to rounding procedures, some totals might not sum to 100.

How do asset levels vary across New Yorkers of different racial and ethnic groups?

In the Poverty Tracker data, we can identify four main groupings of assets that relate to how immediately accessible they are: liquid assets (which are the most readily available), semiliquid assets (which are less readily available, but tend to accrue value over time), home values, and the value of other assets (see text box below for additional information on these asset types).²⁰ Median asset levels across racial and ethnic groups can differ because one group may be more or less likely to have those assets at all, and because the value of those assets may differ across racial and ethnic groups among those who hold them. We begin unpacking the differences in asset levels across racial and ethnic groups by looking at the share of New Yorkers with positive asset values based on the asset type.

¹⁹ The citywide wealth distribution is available in Appendix B, Table B1.

²⁰ The assets which the Poverty Tracker collects data on are separated into these four categories based on their accessibility. Liquid assets are those with the most immediately accessible value. Semiliquid assets might be more difficult to access, and their value is more variable. Homes are also thought of as their own asset, and similar to other assets, require a more involved transaction process in order to realize their value.



Liquid assets: The most readily available assets, defined for this analysis as the value of one's bank accounts.



Semiliquid assets: May have a similar value to liquid assets but may not be as easily accessible, such as stocks, bonds, treasury bills, money market accounts, and the currently redeemable value of one's retirement/life insurance accounts.



Home value: The current value of one's primary residence, if owned.



Other assets: Includes the value of one's farm or business and any other unlisted assets.

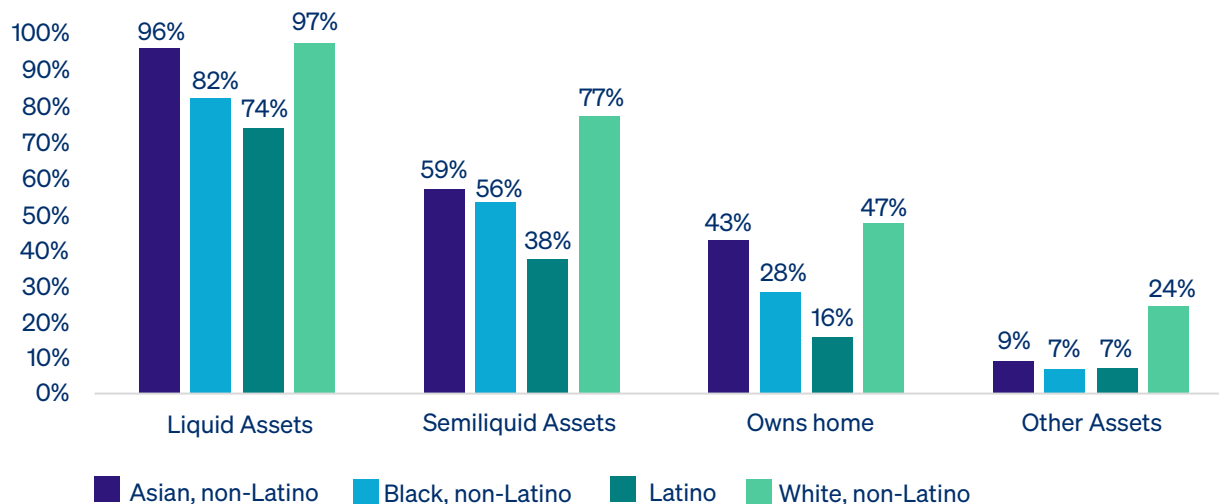
Figure 3 shows that Black and Latino New Yorkers are less likely to hold most asset types than Asian and white New Yorkers. The majority of New Yorkers have liquid assets, though Asian and white New Yorkers are more likely to have such assets (96% and 97%, respectively) than Black (82%) or Latino New Yorkers (74%). Roughly 3 in 4 white New Yorkers (77%) have semiliquid assets, compared to 59% of Asian, 56% of Black, and 38% of Latino New Yorkers. Home ownership is also notably less common among Black and Latino New Yorkers, at 28% and 16%, respectively, while almost half (47%) of white New Yorkers own their current home, as do 2 in 5 Asian New Yorkers (43%). White New Yorkers are also more likely to have other assets, such as a business, than Asian, Black and Latino New Yorkers (24%, 9%, 7%, and 7%, respectively). These gaps in asset ownership are rooted in a history of inequitable access to wealth-building resources. The concentration of white Americans in higher-income jobs has made them more likely to open higher-risk investment accounts, as well as to have lifetime/retirement savings.²¹ When it comes to housing, discriminatory banking practices including mortgage denials associated with redlining, as well as subprime lending, are just a few reasons that Black and Latino New Yorkers are less likely to be homeowners than white New Yorkers.²² These systems and actions, among many others, have contributed to the large racial gaps in asset ownership—and ultimately, wealth—observable today.

²¹ Palladino, "The contribution of shareholder primacy to the racial wealth gap"; Hanna, Wang, and Yuh, "Racial/ethnic differences in high-return investment ownership: a decomposition analysis."

²² Mendez-Carbajo, "Neighborhood redlining, racial segregation, and home ownership"; Rugh and Massey, "Racial segregation and the American foreclosure crisis"; Faber, "Racial dynamics and subprime mortgage lending at the peak."; Neal and Young, "Households of color represent a third of the nation's households, but they own only a quarter of its housing wealth."

Figure 3

Share of New Yorkers with assets, by race/ethnicity



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Liquid assets include bank account values (checking and savings). Semiliquid assets include stocks, bonds, treasury bills, CD accounts, money market accounts, and the current redeemable value of retirement and life insurance policies. Other assets include farms, businesses, or any other unlisted assets. Home ownership is based on self-reports from respondents on owning their own home. Liquid, semiliquid, and other asset ownership are defined by having positive values of these asset types.

Not only are white New Yorkers more likely to hold certain assets than are non-white New Yorkers, but even among New Yorkers that hold them, gaps in the value of such assets persist. Figure 4 presents the median asset values for New Yorkers among those that have them.²³ **At their median value, white New Yorkers have liquid asset values six times greater than that of Black New Yorkers (\$15,000 vs. \$2,500), and 15 times greater than that of Latino New Yorkers (\$15,000 vs. \$1,000).** At \$10,000, the median amount of liquid assets held by Asian New Yorkers are more comparable to that of white New Yorkers. When it comes to semiliquid assets, the median value held by white New Yorkers is roughly 4 times greater than that held by Asian New Yorkers (\$160,000 vs. \$37,500), and roughly 8 times greater than that of Black and Latino New Yorkers (\$23,000 and \$17,300, respectively). While home ownership is a less common asset type for all New Yorkers, as seen in Figure 3, Asian and white New Yorkers have a median home value almost twice that of Black and Latino homeowners (\$700,000 vs. \$400,000 and \$500,000 respectively). On page 16, we look more closely at racial/ethnic gaps in home equity (that is, the value of one's home net their mortgage value).

²³ In Appendix B, Table B2, we share citywide rates of asset prevalence and asset values among those that hold them.

Figure 4

Median assets among New Yorkers who hold them, by race/ethnicity



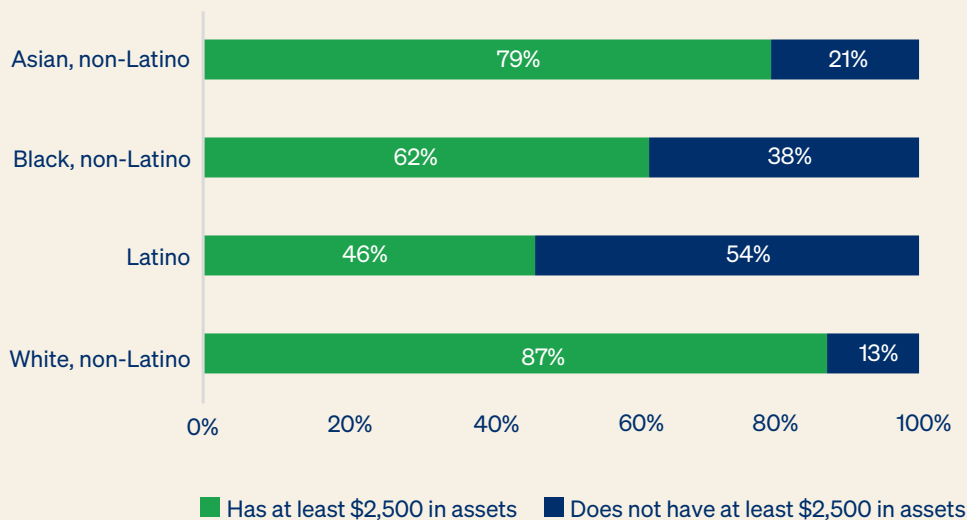
Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.
 Note: Home value does not account for any existing mortgages. Median estimates rounded to the nearest hundred.

Disparities in asset holding and the value of those assets can both exacerbate the consequences of economic shocks. In the text box below, we describe how New Yorkers of different racial and ethnic backgrounds have different resources available to combat economic shocks.

Recent Poverty Tracker research suggests that those without any assets are twice as likely as those with assets to fall into hardship following an economic shock. Having \$2,500 in liquid and semiliquid assets or more (in today’s dollars), is associated with a significant reduction in the risk of falling into hardship after such a shock.²⁴ In line with the sizeable differences in these asset values by race, we also observe differences in the proportion of New Yorkers with enough assets (\$2,500) that may reduce the risk of hardship after a financial shock. Notably, Asian and white New Yorkers (79% and 87%, respectively) are almost twice as likely as Latino New Yorkers to have this level of assets (46%), and roughly 1.5 times more likely than Black New Yorkers (62%).

Figure 5

Share of New Yorkers with more than \$2,500 in liquid and semiliquid assets



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

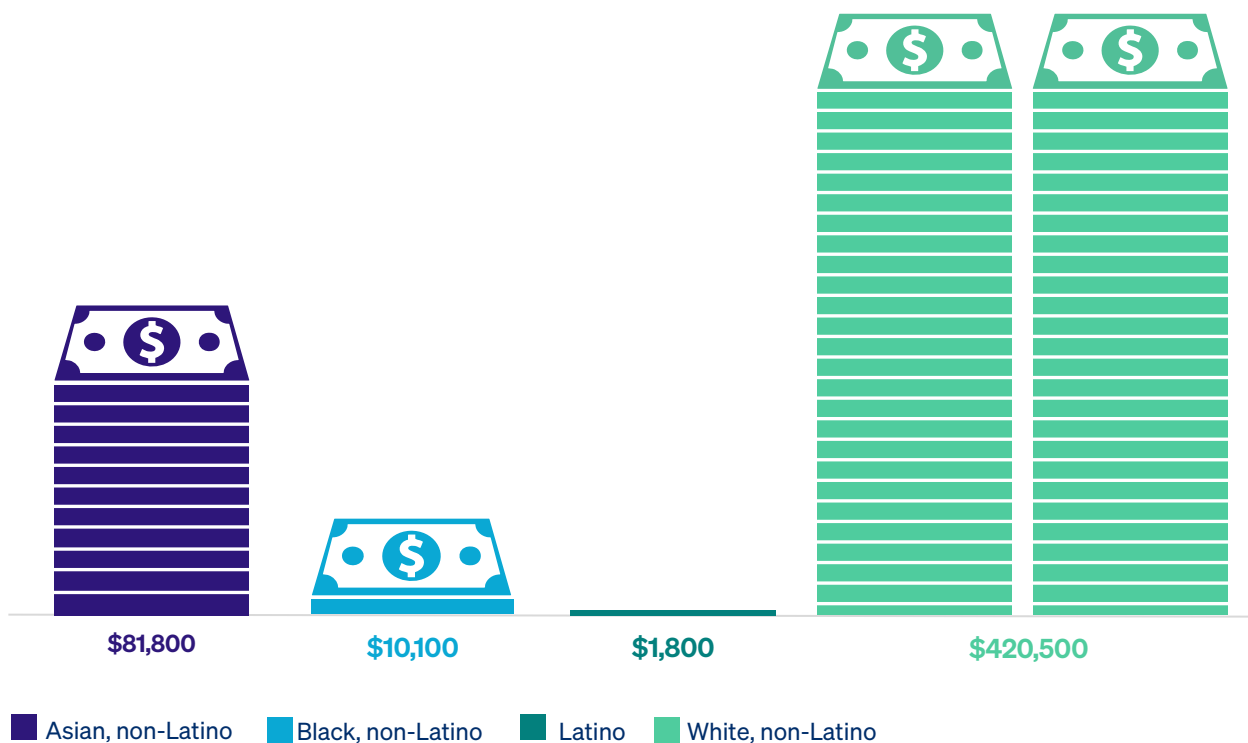
Note: In this figure, assets include bank account values (checking and savings), stocks, bonds, treasury bills, CD accounts, money market accounts, and the current redeemable value of retirement and life insurance policies.

Figure 6 presents the median total asset values of all New Yorkers—including those who hold these assets and those who do not—showing stark differences across racial/ethnic groups. White New Yorkers have a median asset value of roughly \$420,500, well above the median asset values for Asian, Black and Latino New Yorkers. The median asset value among Asian New Yorkers is estimated at \$81,800, roughly 20% of the median asset value held by white New Yorkers. The median asset values of Black and Latino New Yorkers fall below these levels; at \$10,100, the median asset value for Black New Yorkers is roughly 2% that of white New Yorkers; the median asset value among Latino New Yorkers (\$1,800) is less than 1% that of white New Yorkers.

²⁴ The assets threshold associated with a reduced risk of falling into hardship after an economic shock was determined to be \$2,000, in Maury et al., “Liquid assets, financial shocks, and entrances into material hardship.” We use this \$2,000 in our analysis, which includes data from 2017-2021. In 2023 dollars, this threshold would be roughly \$2,500.

Figure 6

Median assets among New Yorkers, by race/ethnicity



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Assets include bank account value, home value, value of CD and money market accounts, stocks, bonds, treasury bills, the current redeemable value of retirement savings and life insurance policies farm and/or business value, and any other assets. Median estimates rounded to the nearest hundred.

As noted earlier, the likelihood of holding an asset and the value of those assets vary substantially by race in New York City, where white New Yorkers hold more assets—and at a greater value—than Asian, Black and Latino New Yorkers. But assets alone are less helpful in the presence of significant debt, a topic to which we now turn.

How do debt levels vary across New Yorkers of different racial and ethnic groups?

Debt makes it difficult for people to save money, accumulate wealth, and meet their basic needs, and can in some cases contribute to cycles of poverty and hardship. On the other hand, certain debts can be thought of as positive, for example by helping build strong credit scores or facilitating the accumulation of assets (e.g., homes) over time. Put differently, some debts like housing debt are backed by a valuable asset (the home), while other forms of debt are not tied to any asset and may carry high interest rates or other repayment terms that are deleterious for consumers. The Poverty Tracker collects data on individuals' debts, including from credit cards, educational loans, home mortgages, medical debt, and other debts.²⁵ These debts are defined in the text box below:

²⁵ We unfortunately do not know all of the terms of these debts, such as interest rates or other repayment terms, which may also be patterned across racial and ethnic groups.






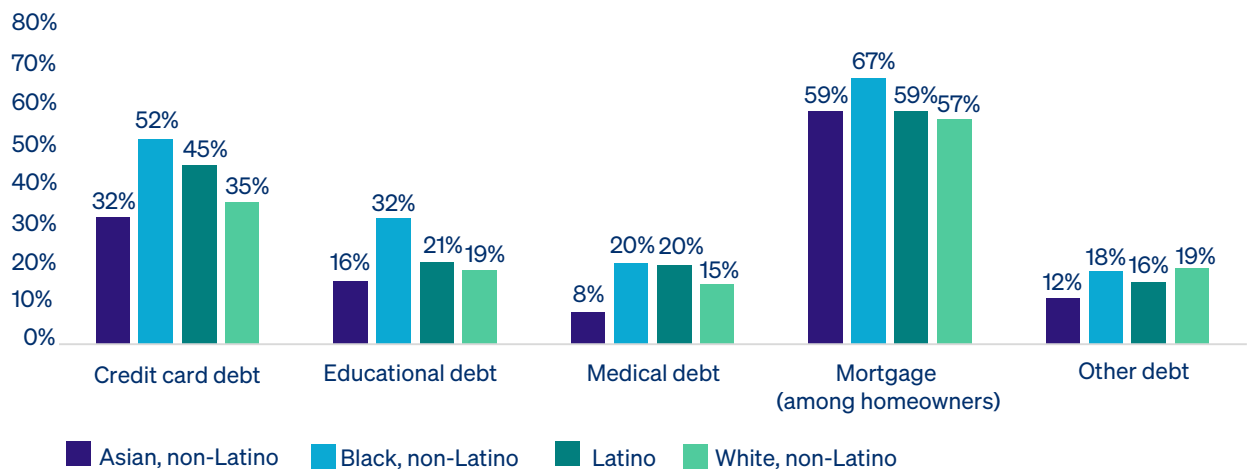
				
Credit card debt: Unpaid debt from one's credit card that is carried over from the month prior to being surveyed.	Educational debt: Any loans or money owed for educational expenses.	Medical debt: Any money owed for medical expenses, including doctor or hospital visits, prescriptions, insurance premiums and copays.	Home mortgage debt: Mortgage, home equity loan, or similar debt on one's current residence, if owned.	Other debts: Any other debts, such as loans from banks, credit unions, friends and relatives, or others.

Figure 7 presents the prevalence of each form of debt among New Yorkers by race and ethnicity, illustrating that, **in almost all of its forms, Black and Latino New Yorkers are more likely to hold debt than white New Yorkers.**²⁶ Half of Black New Yorker (52%) and almost half of Latino New Yorkers (45%) hold credit card debt, while this is true for roughly one third of Asian (32%) and white New Yorkers (35%). Black and Latino New Yorkers are also more likely to hold educational debt than Asian and white New Yorkers (32%, 21%, 16%, and 19% respectively). Medical debt is also more common among Black and Latino New Yorkers (20%) than Asian (8%) and white New Yorkers (15%). And, among homeowners, two-thirds of Black New Yorkers (67%) have mortgage debt, compared to 59% of Asian and Latino homeowners and 57% of white homeowners. While mortgages are often considered “good debt,” as they may be a sign of long-term wealth, the high prevalence of other forms of debt among Black and Latino New Yorkers, such as medical debt, do not similarly suggest future gains to economic well-being.

Figure 7

Share of New Yorkers with debt, by race/ethnicity



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

²⁶ In Appendix B, Table B2, we share citywide rates of debt prevalence and debt values among those that have them.

Among those with debt, white New Yorkers generally have slightly higher median debt values than Asian, Black and Latino New Yorkers (Figure 8). But recall that Black and Latino New Yorkers are more likely to have many of these debts in the first place, and, the gap in debt values is much smaller than the gap in median asset values among non-white and white New Yorkers.

Figure 8

Median debts among New Yorkers who have them, by race/ethnicity



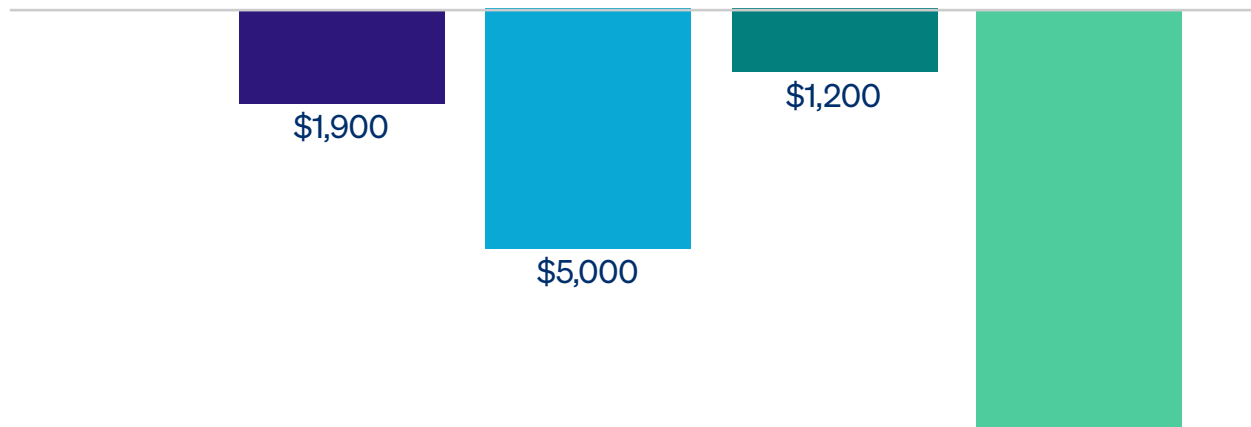
Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.
 Note: Median estimates rounded to the nearest hundred.

Figure 9 provides estimates on the median overall debt value held by all New Yorkers (including those with and without any debt), broken out by race and ethnicity. The median debt value held by white New Yorkers is estimated at \$8,800, which is greater than the median debt value of Asian (\$1,900), Black (\$5,000) and Latino (\$1,200) New Yorkers. When excluding mortgage debt, Black and Latino New Yorkers have greater or more comparable median debt values than white New Yorkers (\$3,000, \$800, and \$1,000 respectively). Asian New Yorkers, on the other hand, have a slightly lower median debt value than white New Yorkers (\$0 versus \$1,000) when mortgages are excluded.

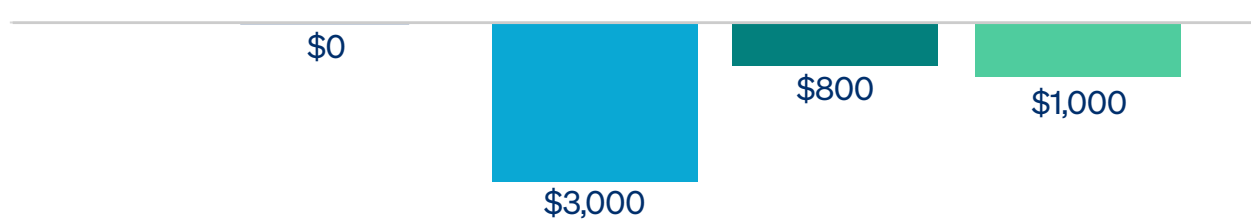
Figure 9

Median debts among New Yorkers, by race/ethnicity

All Debt



Debt excluding mortgage



Asian, non-Latino Black, non-Latino Latino White, non-Latino

Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Median estimates rounded to the nearest hundred.

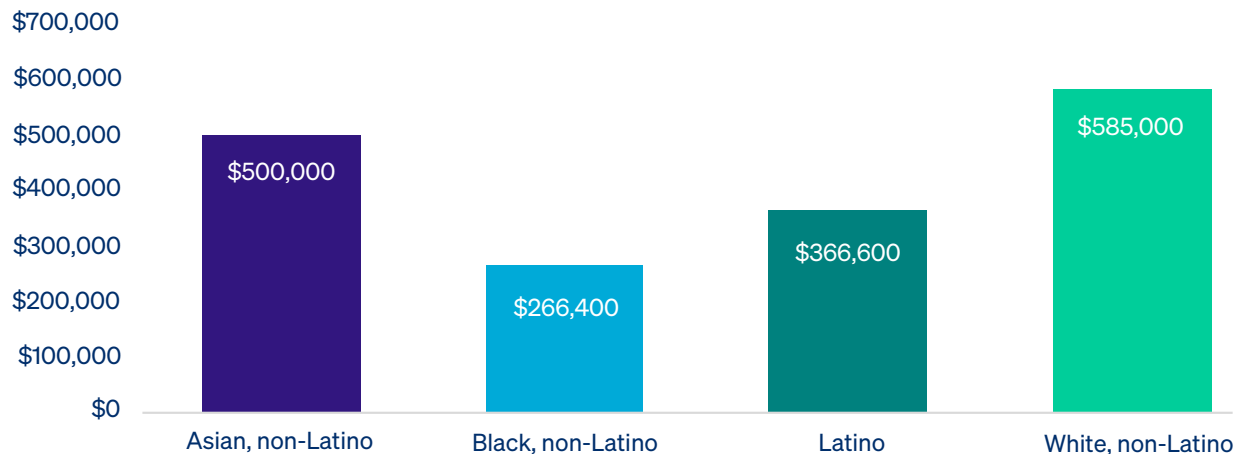
To fully understand the implications of debt, it must be considered alongside the value of assets. **The median debt value of Asian and white New Yorkers is roughly 2% of their median asset values. The median debt value among Black New Yorkers is roughly 50% of their median asset value; among Latino New Yorkers, this ratio is even higher at 67%. Thus, despite higher median levels of debt among white New Yorkers, when compared to their total asset values, Black and Latino New Yorkers' debts reflect a notably higher debt burden relative to their assets.**

Racial inequalities in home equity

Homes can be particularly valuable assets, and among those that have them, can represent a large portion of their total wealth. In Figure 10, we take a closer look at home equity, or the value of one's home net any mortgages, among New Yorkers by race/ethnicity, as understanding variation therein is informative to understanding the racial wealth gap. **The median value of home equity among white homeowners in this city (\$585,000) is roughly twice that of Black homeowners (\$266,400), 1.5 times that of Latino homeowners (\$366,600), and 1.2 times that of Asian homeowners (\$500,000).** There are many factors that contribute to gaps in home equity by race/ethnicity. For one, it is well established that homes in predominantly Black and Latino neighborhoods are significantly undervalued relative to comparable homes in neighborhoods of different racial compositions.²⁷ Discrimination in mortgage lending, including higher denial rates and interest rates along racial/ethnic lines, has also made it difficult for Black and Latino Americans to own higher-value homes.²⁸ These differences in home equity emphasize the persistence of the racial wealth gap in New York City across wealth measures; even among those with certain assets, like owning a home, the value of such assets are typically higher for white New Yorkers.

Figure 10

Median home equity among home-owning New Yorkers, by race/ethnicity



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Home equity is defined as one's home value minus any home mortgages. Median estimates rounded to the nearest hundred.

²⁷ Perry, Rothwell, and Harshbarger, "The devaluation of assets in Black neighborhoods: the case of residential property."; Howell and Korver-Glenn, "The increasing effect of neighborhood racial composition on housing values, 1980-2015."

²⁸ Cheng, Lin and Liu, "Racial discrepancy in mortgage interest rates"; Ross and Yinger, "The color of credit: mortgage discrimination, research methodology, and fair lending enforcement."; Joshi, Horn, and Berrens, "Contemporary differences in residential housing values along historic redlining boundaries."

Inequities in wealth- and asset-based poverty among Black, Latino, and white New Yorkers

Wealth can also help people withstand periods of economic instability. But assets and debts are typically not accounted for in measures of poverty. Income-based poverty measures will account for income derived from assets, such as regular annuity payments or rental income from owned property. But they don't account for the stocks of assets that people may be able to draw from to meet basic needs, nor do they account for debt service payments that may eat into people's disposable income. To supplement our understanding of poverty, some scholars have proposed wealth- or asset-based poverty measures that incorporate wealth into the measurement of poverty. Such measures typically evaluate if one lacks sufficient assets (or wealth) needed to cover three months of basic needs (with the measure of need being defined by the poverty threshold).²⁹ For example, if the poverty threshold for the year for a family of four was \$40,000, these measures would consider them asset poor if they had less than \$10,000 (3 months, or 1/4th the poverty threshold) in assets to draw from to meet this potential shock.³⁰ Wealth poverty (sometimes referred to as net-worth poverty) would be measured similarly, but using total assets minus total debts, rather than using assets alone. We focus here on wealth poverty in order to acknowledge that some New Yorkers with assets have less to draw from given the debts that they hold.³¹

Figure 11 shows notable differences in wealth poverty for New Yorkers of different racial and ethnic backgrounds, where Asian, Black and Latino New Yorkers are all more likely to experience wealth poverty than white New Yorkers. **Asian New Yorkers are roughly 1.5 times more likely to experience wealth poverty than white New Yorkers (35% vs 23%), Black New Yorkers are more than twice as likely (56% vs 23%), and Latino New Yorkers are more than three times as likely (72% vs 23%). Higher rates of wealth poverty, especially among Black and Latino New Yorkers, again underscore that financial buffers are not equally distributed among New Yorkers.**

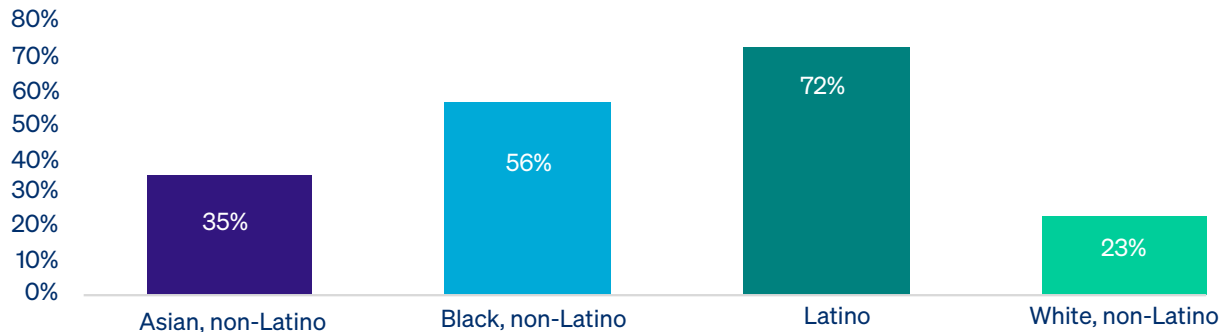
²⁹ To identify if someone experiences wealth poverty, we determine if their total wealth value (assets net debts) falls below 25% of the poverty threshold, defined using the Supplemental Poverty Measure (SPM). This measure is described further in Haveman and Wolff, "The Concept and Measurement of Asset Poverty"; Brandolini, Magri and Smeeding, "Asset-based measurement of poverty."

³⁰ Poverty thresholds, as defined by the Supplemental Poverty Measure, vary by geography, family size, and home ownership status. In 2023 25% of the poverty threshold amounts to \$5,468 for a single adult with no children residing in a rental property, or \$11,797 for a family of four with two children residing in a rental property.

³¹ Rates of asset poverty (ignoring debts) for New Yorkers by race and ethnicity can be found in Appendix B, Table B3.

Figure 11

Wealth poverty among New Yorkers, by race/ethnicity



Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Wealth poverty is defined by comparing total wealth to 25% of the poverty threshold, as measured by the Supplemental Poverty Measure (SPM).

Racial and ethnic inequities in wealth are large in New York City, consistent and sometimes even larger than they are nationally. These patterns of racial and ethnic wealth inequality, at the national level and in New York City, reflect a history of policies and actions that have restricted economic opportunities on the basis of race, allowing white Americans to outpace other racial groups in the accumulation of wealth. Addressing the racial wealth gap is not only an important policy priority, but a necessary one for advancing the economic well-being of Asian, Black and Latino New Yorkers in the long-term. Below, we discuss a few policy domains where targeted interventions can support the growth of assets and help shrink racial and ethnic wealth gaps.

Policies to address the racial wealth gap

The significant racial wealth gap, both in New York City and nationally, is evidence of the persistence of racial and ethnic inequality. Wealth is the product of assets and debts, which are accumulated over time. Investing in policies that address economic racial inequalities both in asset building and debt relief are especially important for helping build wealth and redressing racial and ethnic inequality.

When it comes to building assets, improving homeownership rates is an important place to start. The New York City HomeFirst Down Payment Assistance Program provides loans of up to \$100,000 to first-time homebuyers to assist with down payments and closing costs.³² As a significant obstacle to purchasing a home can be high costs, this program may reduce the initial economic barriers to homeownership. Moreover, targeting these programs towards first-time homebuyers can more directly benefit Black and Latino New Yorkers, who have notably lower homeownership rates than Asian and white New Yorkers (see Figure 3), and can increase their wealth. Increasing the types of lenders that can provide loans to homebuyers, such as community development financial institutions (CDFIs), may also work to address the discrepancy in mortgage acceptance rates (and thus, access to homeownership) by race. CDFIs provide loans in low-income communities for the development of housing units or small businesses, with the goal of improving

³² New York City Housing Preservation and Development, "HomeFirst Down Payment Assistance Program."

economic equality in the areas they serve.³³ Enforcement of fair lending practices and innovative ideas such as Community Land Trusts³⁴ or a Public Bank that provides low-interest loans and financial services may also be worth exploring. These programs and institutions may help address the discriminatory structures and lending practices in housing and financial markets which have historically hindered asset building along racial/ethnic lines, and can increase wealth specifically among Asian, Black and Latino New Yorkers.

Outside of the home ownership space, there are numerous policy ideas for asset promotion across generations that are being considered, from baby bonds programs to Children's Savings Accounts (CSAs) to Individual Development Accounts (IDAs). Creating mechanisms to strengthen minority business development, stabilize commercial rents, place-based initiatives, and small business relief may also be tools for promoting business ownership and wealth to help shrink wealth gaps.

Debt relief is also integral to improving wealth. Federal student debt relief programs have been enacted to reduce the burden of educational debt on recent graduates, canceling debt for eligible borrowers and increasing the real value of income gains after graduating, in turn improving the ability to accumulate wealth.³⁵ In New York City, programs such as CUNY ASAP and CUNY ACE provide eligible low-income students with tuition relief and cost assistance amenities, effectively improving degree completion rates. Medical expenses are also a significant contributor to debt. With regards to medical debt, New York City recently established a program to help relieve this form of debt for New Yorkers with incomes below 400% of the federal poverty line. The program aims to clear up to \$2 billion in medical debt over the next three years.³⁶

Lastly, robust income support programs such as expanded Child Tax Credits and Earned Income Tax Credits, increased rental assistance, and other cash and near-cash benefits can help New Yorkers not only afford necessities but also build savings that are important not only to weather emergencies but also acquire and pass down assets.

³³ New York State Attorney General, "Racial disparities in homeownership: how lending practices have prevented New Yorkers of color from purchasing homes and deepened wealth inequality"; Federal Reserve Bank of New York, "New York Fed report shows loans originated and sold by Community Development Financial Institutions more than doubled over four years."

³⁴ Schumacher Center for a New Economics, "New York Community Land Trusts."

³⁵ Federal Student Aid, "The Biden-Harris administration's student debt relief plan explained."

³⁶ New York City, "Medical Debt Relief Program."

CONCLUSION

As we analyze the racial wealth gap in New York City, we find even starker racial inequalities in wealth than evidenced at the national level; while Black and Latino Americans' median wealth is estimated at 15-to-20% that of white Americans, the median wealth of Black and Latino New Yorkers is less than 1% of that held by white New Yorkers. And, while research suggests that Asian and white Americans have comparable median wealth levels, in New York City, we find that the median wealth among Asian New Yorkers is roughly 13% of that held by white New Yorkers. Further, racial disparities in wealth- and asset-based poverty measures suggest that Asian, Black and Latino New Yorkers may have a more difficult time than white New Yorkers in avoiding periods of financial distress or economic stability.

The racial wealth gap in New York City is reflective of a history of policies and practices that have disadvantaged Asian, Black and Latino New Yorkers in the accumulation of wealth. Discrimination in the housing market, inequitable access to investment opportunities, and lower levels of intergenerational wealth transfers along racial/ethnic lines are just a few contributors to the racial wealth gap. The implications of these racial wealth inequalities are manifold; in considering elevated levels of poverty and hardship in New York City following the pandemic, those with greater total wealth values have more resources with which to offset stretches of economic difficulty. Moreover, wealth, and the value of it, tends to grow over time. Often shared with family or passed down over generations, the significant gaps in the total wealth values of Asian, Black and Latino New Yorkers, relative to white New Yorkers, can contribute to future cycles of inequality and disadvantage the economic mobility of later generations. Given the long history that has allowed for such stark differences in wealth accumulation, addressing the racial wealth gap may not have one simple solution. However, thoughtful policies that help build assets and alleviate debts are an important place to start. Developing policies with racial equity at the forefront can combat a history of discrimination that has contributed to the racial wealth gap in New York City over time.

APPENDIX A. HOW THE POVERTY TRACKER IDENTIFIES RESPONDENTS' RACE AND ETHNICITY

Throughout this report, we discuss race and ethnicity in the context of socioeconomic disparities among New Yorkers. We identify the race and ethnicity of adults in the Poverty Tracker sample using questions asked by the U.S. Census Bureau on various population-level surveys.³⁷ These questions allow us to better understand the needs of communities within New York City and to ensure that we are surveying a representative sample of New York City's racial and ethnic groups. The questions read:

Are you of Hispanic, Latino, or Spanish origin?

1. Yes
2. No

What is your race? Are you...

1. White
2. Black or African American
3. Asian
4. American Indian or Alaska Native
5. Native Hawaiian or Pacific Islander
6. Or something else

We combine responses to these questions into the following racial and ethnic groups:

1. Asian, non-Latino
2. Black, non-Latino
3. Hispanic, Latino, or of Spanish origin³⁸
4. Multiracial or another race or ethnicity, non-Hispanic
5. White, non-Latino

In this report we refer to New Yorkers who identified as Hispanic, Latino, or of Spanish origin as Latino New Yorkers, and to Black non-Latino and white non-Latino New Yorkers as Black and white New Yorkers, respectively. "New Yorkers" refers to adults in New York City. There are limitations to this methodology. This type of classification is one dimensional while one's identity is often much more robust and intersectional. In addition, our results present averages for groups of people, but averages do not reflect the experiences of all individuals. One's personal experiences may diverge significantly from the results we present. And while our questions are relatively specific, each person might interpret them differently, resulting in subjective answers. Our examination of poverty, hardship, and disadvantage in the context of race and ethnicity is intended to help explain how disparities across groups take shape economically, financially, and with regards to health in New York City.

³⁷ Historically, the Census asks race and origin questions to gain an understanding of the makeup of the population and to help construct civil rights protections for all. These questions have helped to reveal gaps within various social policies and to address the economic, educational, and infrastructural needs of different communities. See Brumfield, Goldvale, and Brown (2019).

³⁸ With these groupings, New Yorkers who indicate that they are of "Hispanic, Latino, or of Spanish origin" are grouped together, regardless of their response to the question about their race. The majority of New Yorkers who identify as Hispanic, Latino, or of Spanish origin (62%) do not identify with a particular racial group (i.e., they respond "something else" when asked about their race). Roughly 25% identify as white and 13% identify as Black.

Conventions used when discussing race and ethnicity

The Poverty Tracker uses the question from the Census Bureau listed above to identify if individuals are of “Hispanic, Latino, or Spanish origin.” We must use this question in order to weight the sample to Census Bureau data and to make it representative of the city’s population. When identifying New Yorkers who say yes to this question, we use the term Latino instead of Hispanic or Spanish origin. Hispanic is a term originally used in the U.S. by the Census Bureau to refer to a very diverse group of people who were linked by their history of colonization by Spain or by their Spanish origin. The term is thus thought to exclude many people with origins in Latin America who do not speak Spanish—including people with origins in Brazil and/or within many indigenous groups. The term Latino, on the other hand, is more inclusive of all people with origins in Latin America.³⁹ Because the Poverty Tracker is weighted to Census Bureau data, and because the term Latino is more consistent with the Census Bureau’s question wording, we have chosen to use the term Latino in this report.

With regards to capitalizing the names of different racial groups, there has been a general consensus among organizations, publications, and news outlets that Black should be capitalized, as a recognition of the racial and ethnic identity that many claim. However, such a consensus has yet to be reached regarding whether or not the same should be done for white. Those in favor of capitalizing white argue that designating it as a proper noun assigns accountability to the white race, and invites white people to contemplate the role that their whiteness plays in society. The main argument against capitalizing white is that white people do not have a shared culture or history, and that capitalization has been used throughout history to signify superiority and white supremacy. In this report, we leave white uncapitalized, though we note that societal and editorial discussions on this topic are ongoing and unresolved.

³⁹ Latino is also gendered, and many people choose to identify as Latinx to remove the gender binary implied in the term. There is also a debate around the term Latinx, with some identifying with the term and others not, or doing so only in specific settings (see Salinas, “The Complexity of the ‘x’ in Latinx.”)

APPENDIX B. CITYWIDE ESTIMATES

Citywide estimates are generated using a sample of 5,137 Poverty Tracker respondents; 4,885 of which are included in this report, and the remaining 252 include New Yorkers from other racial groups than Asian, Black, Latino, or white.

Table B1.

Citywide distribution of wealth

	Citywide values
Median total wealth	\$ 16,200
Distribution of total wealth	
<=\$0	38%
\$1-\$9,999	19%
\$10,000-\$99,999	14%
\$100,000-\$499,999	12%
\$500,000+	17%

Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Table B2.

Citywide rates of asset and debt prevalence and values

	Citywide prevalence	Median value among those that have it
Assets		
Liquid assets	87%	\$4,900
Semiliquid assets	59%	\$60,000
Owns Home	33%	\$600,000
Other assets	13%	\$25,000
Debts		
Credit card debt	41%	\$3,000
Educational debt	22%	\$20,000
Medical debt	17%	\$1,000
Mortgage (among homeowners)	60%	\$250,000
Other debts	17%	\$10,000

Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four. Universe includes adult New Yorkers.

Note: Liquid assets include bank account values (checking and savings). Semiliquid assets include stocks, bonds, treasury bills, CD and money market accounts, and the current redeemable value of retirement and life insurance policies. Owns home refers to one's primary residence, if owned.

Table B3.

Asset poverty among New Yorkers, by race/ethnicity

Asian, non-Latino	Black, non-Latino	Latino	White, non-Latino
36%	52%	68%	22%

Source: Poverty Tracker longitudinal survey data; cohorts two, three, and four.

Note: Asset poverty defined by comparing liquid and semiliquid assets to 25% of the poverty threshold, as measured by the SPM.

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