

# Reducing the Black Homeownership Gap



## ADVANCE LOCAL POLICY SOLUTIONS

- Responsibly expand small-dollar mortgages for purchase and renovation (micro-mortgages)
- Reform local land use and building codes, and revisit zoning laws and regulations
- Strengthen access to and capacity of homeownership Community Development Financial Institution (CDFI) networks
- Improve and invest in Community Development Corporations' (CDCs) capacity and partnerships locally
- Remove discriminatory terms in Homeowner Association (HOA), Condominium Owner Association (COA), and Planned Unit Development (PUD) deeds on single-family residential units
- Expand the reach of Housing Finance Agency (HFA) programs locally, and strengthen realtor/lender/HFA networks
- Consider property tax relief for lower and moderate-income taxpayers



## TACKLE HOUSING SUPPLY CONSTRAINTS AND AFFORDABILITY

- Reform local land use and building codes, and revisit zoning laws and regulations
- Increase federal efforts to improve the existing supply of affordable housing, make investments directed toward historically segregated and devalued neighborhoods
- Explore and expand production of affordable housing types like manufactured housing, and factory-built housing
- Improve single family 2-4 unit preservation, financing, and credit underwriting
- Improve or overhaul renovation and rehab purchase lending programs to expand access to existing affordable housing inventory (ex. FHA 203K, GSE renovation programs)
- Review options to improve condo lending and occupancy requirements for FHA Lending
- Review the viability of programs like lease-to-own and shared equity as pathways to homeownership
- Advance research on the impact of single-family rental on homeownership and enhance understanding of tenant demographics, performance, affordability, and transparency of ownership
- Advance efforts for GSEs and HUD to collaborate with mission-driven organizations to make affordable real-estate owned units for sale available to owner-occupant households



## PROMOTE AN EQUITABLE AND ACCESSIBLE HOUSING FINANCE SYSTEM

- Increase visibility, access, and types of down payment assistance programs
- Use technology to expand responsible credit in all communities
- Increase competition in credit scoring and evaluation models
- Incorporate alternative data in credit history (ex. Rental payments)
- Count diverse sources of income to qualify for a mortgage
- Strengthen requirements that banks serve all communities in their market, and consider expansion of obligation to other parts of the system
- Improve and expand financial education and homeownership preparation for renters
- Ensure affordability and access are adequately addressed in GSE reform to promote balanced and fairly priced conventional lending to people of color.
- Responsibly expand small-dollar mortgages for purchase and renovation (micro-mortgages)
- Expand innovative forms of financing for homeownership and product development efforts (e.g. shared equity, tax savings programs, etc)
- Modernize FHA insurance program (ex. technology, operations) and expand FHA lending to black populations and communities
- Advance Community Reinvestment Act (CRA) efforts that enhance incentives for banks to serve non-white communities and expand institutions (Fintechs)



## ACCELERATE OUTREACH AND COUNSELING FOR RENTERS AND MORTGAGE-READY MILLENNIALS

- Identify and reach out to millennials that are "mortgage-ready"
- Revitalize and improve tax credit incentives for renters to become owners
- Increase visibility and access to down payment assistance programs
- Improve and expand financial education and housing counseling and homeownership preparation to renters and younger generations
- Scale up programs that automate saving for down payments/reserves
- Increase competition in credit evaluation
- Explore more options for use of financial technology (FinTech) to advance understanding and access to homeownership



## FOCUS ON SUSTAINABLE HOMEOWNERSHIP AND PRESERVATION

- Strengthen post-purchase counseling
- Promote healthy mortgage servicing relationships and loss mitigation options
- Fund programs to prevent foreclosure for low and moderate-income and vulnerable families of color
- Develop safe and sensible equity tapping products
- Improve products and access to affordable repair/renovation financing
- Monitor real-time home values and home equity at the local level
- Build tools that help create early warning displacement triggers (ex. insurance and property tax hike monitors, price drops or increases)
- Focus on the intergenerational transfer of wealth, estate planning, and undivided property
- Identify mitigation strategies and interventions for homeowners of color at high risk for flood and disaster events