

RESEARCH REPORT

Evaluating the WORTH Initiative's Progress in Year 2

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Contents

Acknowledgments	iv
Executive Summary	v
Evaluating the WORTH Initiative's Progress in Year 2	1
Pathways and Strategies to Support Homeownership among Households of Color	4
Factors Affecting Implementation Progress	20
Year 2 Progress	30
Key Lessons from Year 2	43
Recommendations to Accelerate Progress	49
Looking Ahead to Year 3	52
Appendix. Sensitivity of Data to Start Date	53
Notes	55
References	58
About the Authors	59
Statement of Independence	61

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Executive Summary

One of the chief paths to wealth building in the United States traditionally involves homeownership, though people of color have often been prevented from purchasing or maintaining ownership.¹ And these dynamics have undermined the ability of homeowners of color to access opportunity by achieving and preserving homeownership.² But through the Wells Fargo Foundation's Wealth Opportunities Realized through Homeownership (WORTH) initiative, seven markets are investing in self-selected strategies to boost or preserve homeownership among households of color, allowing them to achieve the American dream.

WORTH has achieved much success and experienced some challenges. This report provides an account of the challenges encountered, efforts put forth, successes achieved, and lessons learned during the second year of implementation among the collaboratives composing the WORTH initiative. Key findings include the following:

- Collaboratives' strategies in year 2 seamlessly continued those launched in year 1 but with deepened sophistication.
- Collaboratives expanded their strategies along the pathway shown below to more intentionally address housing supply and affordability as well as homeownership preservation.
- Collaboratives have strengthened their local networks, outreach, and referral processes to improve service.

Pathways and Strategies to Support Homeownership among Households of Color

The path to achieving and sustaining homeownership runs through multiple cumulative factors that can influence its feasibility (figure ES.1). Across the collaboratives, different strategies emerged as more popular and well formed, with others less common or emergent for creating new homeowners of color.

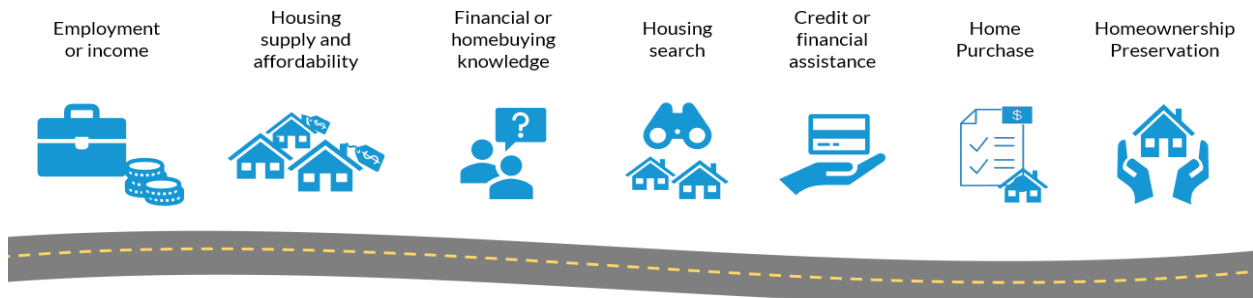
- **Common strategies used** across all collaboratives included down payment assistance (DPA), homeownership education and counseling, and marketing and outreach.
- **Strategies gaining momentum** included roughly half the collaboratives increasing housing supply, preserving homeownership, and offering financial products for home purchases.

- **Less common strategies** targeted actors and issues unique to different markets' local environments, including employment and income work and real estate partnerships.

The good news is that through sustained WORTH investment, collaborative members improved in year 2, referring more potential homebuyers they encountered at any step in the pathway to other partners within their network who could help that homebuyer overcome other barriers they faced along the continuum.

FIGURE ES.1

Simplified Causal Pathway of Factors Influencing the Ability of a Homebuyer of Color to Purchase a Home and Preserve Homeownership



Source: Michael Neal, Corianne Payton Scally, Jung Hyun Choi, Sonia Torres Rodriguez, Caitlin Young, Lydia Lo, and Peter Tatian, *Wealth Opportunities Realized through Homeownership: Baseline Report* (Washington, DC: Urban Institute, 2023).

Implementation Progress and Outcomes

Although many of the advancements in collaboratives' strategies emerged as a result of simple time in the field, through WORTH, others emerged as a result of notable changes in their local enabling environments. But focus groups revealed several headwinds arising from market and policy shifts.

- **National pressures on housing prices and financing costs** continued to dampen homebuying and were compounded by housing supply shortages.
- **An uncertain policy and legal environment** for programs focused on equity for households of color in the face of the Supreme Court's affirmative action case and declining or retracted support for diversity, equity, and inclusion initiatives. Though WORTH collaboratives' programs are race-neutral (designed though to target barriers that communities of color more

commonly face), this retreat in support for equity-oriented programs has made collaboratives' work more difficult.

- **Significant advancements and ease** stemming from improvements in collaborative evolution and growth supported collaboratives' activities over the year.
- **Funder program restructuring and turnover** led to delays and administrative burden for collaboratives in year 2, even as they navigated and strengthened uneven relationships with corporate Wells Fargo.

The Results

Through two years of WORTH investment, Urban estimates that 9,762 people of color have reached homeownership or had homeownership preserved (table ES.1). The total estimate of new and preserved homeowners of color reflects 3,998 in the first year. In the second year, Urban estimates that 5,764 additional people of color either achieved or preserved homeownership, an increase of 1,766, or 44 percent over the first year. These figures likely underestimate WORTH's impact because they exclude those that were in the pipeline before WORTH investment and they mask the community-wide benefits.

TABLE ES.1

Supported Homeowners of Color, by Collaborative and WORTH Program Year

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Year 1	340	1,082	300	289	741	463	783	3,998
Year 2	524	1,329	576	547	1,248	252	1,288	5,764
Total	864	2,411	876	836	1,989	715	2,071	9,762

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data.

Notes: The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas. Houston and Richmond did not have race and ethnicity data, which we took out from year 1. New York City and Atlanta provided new data that we updated in the year 1 numbers.

Key Lessons from Year 2 and Looking Ahead

Collaboratives' learning during the second year supported the evolution of their strategies to better leverage their skills and technology, strengthening their partnerships with each other, and better documenting their outcomes with advanced monitoring and reporting practices.

To build on this progress, collaboratives indicated clear commitments they need from different stakeholders in order to accelerate progress in year 3. This includes consistent goals and measurement from Wells Fargo Foundation and the Urban Institute, as well as clear communication around standards and requirements, in addition to supportive peer learning and technical assistance activities. In addition, collaboratives desired stronger commitments from government and industry partners to support homeownership.

Looking ahead, market and political environments could likely continue to create headwinds for the initiative, but collaboratives have demonstrated remarkable resiliency through these challenging times, and WORTH initiative investments and support grow increasingly valuable as the market grows more difficult for existing and potential homeowners of color. Additionally, WORTH's investments in collaborative capacity, which might not yield numerical outputs in challenging markets, have historically proven crucial for efficient recovery and faster response when markets improve and funding opportunities arise (Scally et al. 2020).

Evaluating the WORTH Initiative's Progress in Year 2

One of the chief paths to wealth building in the United States traditionally involves homeownership, though people of color have—through interpersonal and institutional racism—been prevented from purchasing, maintaining ownership, or gaining as much wealth in the homeownership market.³ Historic and current practices, policies, and processes have yielded homeownership rates among communities of color that are significantly lower than among white communities. According to Federal Reserve Bank data, just 50 percent of Black households and 51 percent of Hispanic households owned their homes, compared with 71 percent of white households and 65 percent of Asian households.⁴

The Wells Fargo Foundation's Wealth Opportunities Realized through Homeownership (WORTH) initiative aims to close the homeownership gap, but in its second year of implementation (from mid-2023 through mid-2024), several developments have made the initiative's goals harder to achieve. The Supreme Court's ruling striking down affirmative action in June 2023 led to a chilling effect in race-conscious programming that aimed at redressing historical discrimination, and many organizations withdrew from their commitments to support diversity, equity, and inclusion measures. Those shifts—coupled with an economic environment of increasing interest rates and other costs of building and buying homes—generated an environment in which working directly to increase homeownership among communities of color, particularly households earning low incomes, is more challenging.

And yet, in the face of those challenges, collaboratives in the WORTH initiative supported 5,764 Black, Hispanic, and Native American⁵ people in purchasing or preserving homes in the past year. This represents a 42 percent jump from the first year of implementation, when collaboratives had created just 3,998 homeowners of color.

This report provides an account of the challenges encountered, efforts put forth, successes achieved, and lessons learned during the second year of implementation among the WORTH initiative collaboratives.

Introduction

Initiative and Evaluation Overview

Launched in the summer of 2022, the WORTH initiative aims to address systemic barriers to homebuying for Black, Hispanic, Native American, and other underserved individuals and families and reduce gaps in racial and ethnic homeownership rates and generational wealth. The initiative allocated \$60 million to an initial cohort of eight cross-sector collaboratives in Atlanta, Georgia; Houston, Texas; Milwaukee, Wisconsin; New York City, New York; Philadelphia, Pennsylvania; Richmond, Virginia; rural and tribal areas⁶; and San Diego, California. Over the course of their implementation grants, these collaboratives aim to change homeownership systems to enhance equity and create 5,000 new homeowners of color in each market.

The Urban Institute has partnered with the Wells Fargo Foundation (WFF) and the collaboratives to be the initiative's learning and evaluation partner. In that role, Urban is conducting three studies and providing technical assistance and peer learning support to grantees. The three studies include the following:

- An **outcomes study** that collects data from each collaborative in a standard reporting template twice a year. Within the standard reporting template, collaboratives track WORTH-supported program outputs and the number of households served by race and ethnicity as they engage in programs and potentially move into homeownership. This reporting template can be found in appendix A of our first year's implementation report (Scally et al. 2024). In the second year of implementation, Urban collected two sets of data from grantees: the first in January 2024 and the second in June 2024. Urban and the collaboratives reviewed these data for accuracy.
- Urban's **process study** for the initiative collects qualitative information about the environments within which collaboratives work and about approaches used to achieve the results reported during the outcome study. In the second year, we conducted nine focus groups (two for the rural and tribal collaborative and one for each of the other collaboratives).⁷ In addition to these focus groups, the Urban team gathered information on collaboratives' contexts through an annual cohort convening and peer learning exchanges.
- A planned **impact study** will assess the causal relationship that one collaborative's single WORTH-supported strategy had with outcomes achieved in order to isolate how much impact that strategy had on changing homeownership rates among program participants. This evaluation component will be published at the end of the WORTH initiative.

In addition to these three studies, Urban provides technical assistance around data collection and reporting, as well as programmatic support through peer learning platforms and webinars.

Structure of This Report

This report presents the outcome and process results from WORTH collaboratives' second year of implementation. The report covers developments in grantees' strategies for supporting homeownership among households of color, factors affecting their implementation progress, and their results achieved. Additionally, the report summarizes key lessons learned over the course of the second year and recommendations for accelerating progress.

Pathways and Strategies to Support Homeownership among Households of Color

Homeownership is a critical source of wealth and financial stability. And yet households of color are less likely than white peer households to own their home. Differences in household finances and housing market outcomes are key determinants of these racial inequities. But these disparities are often rooted in a history of structural racism that undermines the financial health of households of color and the communities they may live in. To reverse decades of disinvestment, WORTH collaboratives have identified strategies that can help households of color achieve and preserve homeownership.

The path to homeownership runs through multiple cumulative factors influencing its feasibility, and systemic racism can affect each point along the way (figure 1). Employment and income are among the earliest influencing factors in the homebuying process, determining households' ability to save for a down payment, demonstrate an ability to repay a mortgage and service any other household debt (e.g., student loans), and afford monthly payments, property taxes, and other homeownership expenses. Large racial gaps in unemployment and household incomes combine with existing wealth gaps to make a mortgage harder to secure for households of color.⁸ The next early influencing factor is a city's or region's housing supply. An adequate number of units of diverse sizes, types, and price points ensures there are homes affordable for purchase near jobs and schools. But exclusive communities build barriers to home construction that drive prices out of reach for low-income households, among whom households of color are overrepresented (Neal et al. 2024). The home purchase process and the culture of owning and maintaining a home all require specific education and learning, which tend to be passed through families or among peers. This means the existing homeownership gap can be self-reinforcing if not disrupted with targeted homeownership counseling and education efforts (Choi et al. 2019). Even if one has the knowledge, finances, and desire to purchase an available home, the search process requires significant time investment and guidance from real estate agents and appraisers who will not engage in racialized steering or biased assessments (Hall, Timberlake, and Johns-Wolfe 2023; Neal and Walsh 2023).⁹

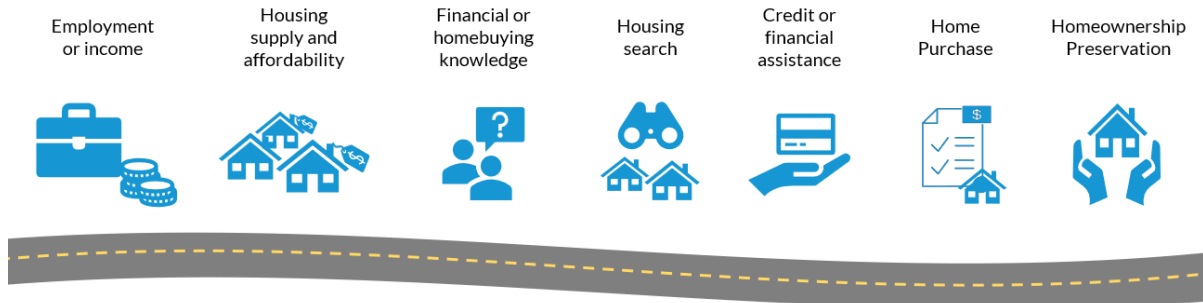
Once a potential homebuyer finds a home to purchase, they must qualify for a mortgage. But applicants of color are more likely to be denied a mortgage to purchase a home. A lack of credit history and a high debt-to-income (DTI) ratio are two key factors behind denial rates for mortgage applicants of

color.¹⁰ Although these outcomes appear race neutral, they are rooted in a history of structural racism that undermines credit, capacity, and collateral of applicants of color.¹¹ Lenders use credit histories and scores to determine an applicant's likelihood of repaying their loan. But for decades, banks denied communities of color access to the services that allowed white people to build credit, making people of color less likely to satisfy lenders' credit requirements. In addition, public programs reshaped the urban built environment. All levels of government disproportionately located infrastructure projects and industrial sites near urban communities of color, exposing them to environmental hazards, tearing down neighborhoods, displacing residents, and reducing property values. Capacity indicators measure borrowers' financial resources, including down payment funds, cash reserves, and the ratio of their monthly debt payments to total income. The discriminatory practices that influence credit and collateral have the same effect on capacity: they stripped wealth from people of color, saddled them with debt, and restricted their resources available for down payments.

Even after overcoming the hurdles to homeownership, homeowners of color often face inequities in sustaining homeownership. For many households of color, the user cost of homeownership (i.e., the cost of owning compared with renting) is disproportionately high compared with that of white homeowners (Neal, Choi, and Walsh 2020). The racial difference in the user cost of homeownership reflects similar challenges, including the role structural racism plays, that affect home prices and mortgage outcomes when seeking to achieve homeownership. But the user cost also includes the need for maintenance, as well as higher property taxes homeowners of color face. Moreover, given fluctuations in their employment and income, homeowners of color are more likely to lose their home to foreclosure (Goodman et al. 2023; McCargo, Choi, and Golding 2019; Neal, Mehrotra, and Pang 2024; Neal, Zinn, and Zhu 2024).¹²

FIGURE 1

Simplified Causal Pathway of Factors Influencing the Ability of a Homebuyer of Color to Purchase a Home and Preserve Homeownership



Source: Michael Neal, Corianne Payton Scally, Jung Hyun Choi, Sonia Torres Rodriguez, Caitlin Young, Lydia Lo, and Peter Tatian, *Wealth Opportunities Realized through Homeownership: Baseline Report* (Washington, DC: Urban Institute, 2023).

WORTH collaboratives' efforts to boost homeownership among communities of color can and need to address multiple points along the pathway to meaningfully and permanently shift homeownership and retention rates. The strategies deployed to address these pathway points within each market are unique, addressing each collaborative's local barriers. Generally, collaborative touchpoints with potential homeowners focus on increasing household financial well-being and reducing the financial costs of homeownership by constructing or finding affordable homes, reducing mortgage costs, and offering down payment assistance (DPA). An increasing number of collaboratives are also focusing on helping struggling homeowners repair and keep their homes. Overall, in year 2, collaboratives' work has adapted to local market challenges.

Strategies to Boost Homeownership in Year 2

Collaboratives' strategies in year 2 to increase the number of homeowners of color were largely a seamless continuation of those launched in year 1. Across all markets, collaboratives continued to offer and expand access to credit and comprehensive homeownership counseling, noting these strategies are particularly important for addressing historical financial inequities that potential homeowners of color face when entering the homebuyer market. But the collaboratives have also shown growth and innovation in their approaches. The core strategies—which included augmenting households' access to capital, increasing affordable housing supply, enforcing fair housing laws, advocating for systems change, boosting incomes, and preserving homeownership—remain the same, but collaboratives' approaches to achieve objectives within these strategies have become more nuanced and targeted. This

evolution demonstrates the collaboratives' responsiveness to lessons learned and their ability to adapt to communities' changing needs. As we examine the second year of implementation, it is clear the collaboratives are maintaining their initial momentum and refining and expanding their efforts to create more equitable pathways to homeownership.

No Wrong Door

Collaboratives have strengthened their local networks, outreach, and referral processes to ensure that whichever door a potential homeowner walks through to start their homeownership journey, they are connected to the right partner and resources to advance toward their goal. Collaboratives leverage strong referral networks to help potential homebuyers and existing homeowners find the right services to help them overcome homeownership barriers, no matter which partner they encounter first. Collaborative partners frequently make personal referrals to one another during regular meetings and make impromptu connections by phone. By the end of year 2, more than half the collaboratives had also implemented online information hubs to help potential homeowners connect to specific partners and programs in the local housing ecosystem, such as online directories of available DPA programs and local homeownership counseling programs. To connect distressed existing homeowners with preservation needs, collaboratives found word-of-mouth referrals from homeowners they have helped in the past, as well as local homeowners assistance hotlines, to be the most effective entry point.¹³

The best “first door” varied by collaborative. Most collaboratives said their homeownership counseling partners were the best starting point for potential homebuyers of color, as counselors are often most familiar with context and the needs homebuyers of color face (e.g., having lower incomes or being first-generation homebuyers). But potential homebuyers across the large areas covered by the rural and tribal collaborative might have different starting points based on the capacities of local organizations in their community—from the DreamBuild program offering a new modular home and affordable financing across multiple WORTH partners, to Native community development financial institutions, tribally designated housing entities, and homeowner counseling agencies. Finally, some collaboratives offer unique doors to homeownership by, for example, setting a pop-up mobile homeownership help desk at community events, acquiring existing rental properties with tenants who could transition to homeownership, and participating in a citywide program to build, sell, and finance homes for municipal workers.¹⁴

Some potential homebuyers start at points along the pathway that might be less helpful for navigating their needs and learning about specific programs for which they might be eligible. These

include partners who are primarily encountered near the end of the homeownership journey: real estate agents who help buyers find a home for purchase and lenders who make the loan to buy it. Several collaboratives discussed how these businesses are less likely to be familiar with WORTH or to know about programs to help homebuyers and to have incentives to share them. Building relationships with more banks and real estate businesses so they can inform eligible homebuyers about WORTH-supported services and direct them to appropriate WORTH partners might be an area for collaboratives to grow in and strengthen in the future.

Common Strategies Used

Despite the unique challenges and resources in each market, collaboratives across the board employed three core strategies: providing capital for down payments, building potential homeowners' expertise and financial capacity to navigate the home purchase and ownership process, and raising awareness of homeownership supports within WORTH partner networks. These strategies address significant needs among communities of color in areas most directly associated with the point of home purchase. Although all these strategies are continuations from the first year of implementation, collaboratives made developments in how well these core strategies operated and interacted with each other in the second year.

DOWN PAYMENT ASSISTANCE

Collaboratives reported down payment assistance as the most common strategy in moving mortgage-ready households into homeownership. But the administration of DPA and other surrounding details vary across collaboratives, reflecting different communities' diverse needs and resources.

Various entities—such as housing counseling agencies, WORTH partners, city governments, and state agencies—administer DPA programs. Although WORTH funding plays a crucial role in all DPA programs, the application of this funding differs. Some collaboratives use WORTH funding to cover operating costs for DPA programs, while others use it to directly fund the assistance itself. In other cases, collaboratives leverage WORTH funding to expand or create new programs.

DPA programs the collaboratives offer also vary in design and scale, depending on the local environment and local barriers to homeownership. The amount of assistance provided can range from small amounts (\$2,000 or less) to more substantial investments (\$20,000 per homebuyer), depending on the availability of other local programs and the community's unique needs. The local ecosystem of DPA providers influences collaboratives' DPA program designs. In markets with many DPA offerings,

collaboratives offer smaller grants that can be combined or layered with other assistance. Layering, or stacking, refers to combining multiple sources of DPA to build more comprehensive financial support for potential homebuyers. This layered approach is essential for families needing more than \$10,000 in assistance, as it allows them to access a combination of funds. Often, successful implementation of DPA requires effective partnership and collaboration among organizations in a market. In areas with fewer partners and DPA resources, collaboratives focus on providing larger grants or using WORTH funding to run the DPA program. In these cases, the WORTH dollars do not stretch as far, but the programs fill a more critical gap than in resource-rich environments.

Despite the effectiveness of DPA programs, collaboratives face challenges in the current economic climate. One focus group participant noted, “Ten thousand dollars for down payment assistance doesn’t go quite as far as [Wells Fargo] probably envisioned when we first wrote [our] grant application.” Interest rates have more than doubled since 2020, when applicants first created their proposals, jumping from 3.38 percent in 2020 to 7.00 percent in 2023. This change plus rising insurance costs have diminished the impact of previously allocated DPA funds, and collaboratives have indicated a need for increased funding to sustain and expand this strategy.

Ten thousand dollars for down payment assistance doesn’t go quite as far as [we] envisioned when we first wrote [our] grant application.

—Focus group participant

HOMEOWNERSHIP EDUCATION AND COUNSELING

Homeownership education and counseling remain critical strategies for increasing the number of homeowners of color across markets. These services aim to counter years of discriminatory practices and an imbalance in community experience, connections, and expertise by preparing potential homebuyers for the purchasing process, connecting them with essential services and supports, and coaching them on homeownership responsibilities. WORTH funds for homeownership education and counseling generally cover staff and overhead costs, though different collaboratives might direct the funding toward other programs within their counseling partners’ portfolios.

Collaboratives offer flexibility in their education approaches to meet different needs. Programs can range from large-scale homeownership fairs (for providing overviews and connecting participants) to

intensive one-on-one counseling sessions that delve deeper into a buyer's individual circumstances. The content these programs cover is comprehensive; participants learn about topics ranging from eligibility for different assistance programs to budgeting and credit counseling. One collaborative ensures that counseling covers the often-overlooked parts of homeownership, such as emergency repairs and insurance coverage, to fill any knowledge gaps. Homeownership counseling agencies also often serve as coordinating hubs, connecting potential homebuyers to resources and service providers. Counselors also usually provide or connect potential homebuyers to other entities that provide them DPA.

Although homeownership education and counseling are valuable, collaboratives face hurdles in recruitment. Engaging potential homebuyers who might not have considered homeownership is a significant hurdle. Homeownership counseling programs are designed to coach households that have expressed a desire to buy a home than to catalyze households to consider buying a home. High interest rates and rising inflation compound this reluctance, making renters even less willing to jump to homeownership. Additionally, collaborative counselors bemoaned the fact that many people view homeownership counseling as a service for people with financial problems rather than a helpful support for any proactive potential buyer regardless of their financial health. But collaboratives continue to innovate and use WORTH funding to expand these services, recognizing their value in combating stigma, supporting community members, and promoting narratives around feasible pathways to homeownership.

MARKETING AND OUTREACH

The WORTH grant has significantly bolstered the capacity of housing collaboratives across multiple markets to enhance their marketing and outreach efforts. This support has enabled collaboratives to expand their operations, increase their visibility, and more effectively engage with potential homebuyers of color. Collaboratives' marketing and outreach activities in year 2 expanded significantly beyond any conducted in year 1. WORTH facilitated a broader, multifaceted approach to community engagement and resource dissemination by funding additional staff members, consultants, and infrastructure development.

Most collaboratives have developed a key marketing and outreach resource by building comprehensive web platforms and information hubs. These digital resources are centralized access points for potential homebuyers, offering services from general information to personalized assistance.¹⁵ For instance, the two collaboratives have created "one-stop shop" websites that provide tailored resources based on user inputs. In another collaborative, potential homebuyers can use the online calendar to view all the events and classes from across member organizations.

Beyond digital platforms, collaboratives have diversified their outreach methods to reach a broader audience. Several collaboratives have embraced multimedia approaches, including podcasts, radio advertisements, television or streaming service advertisements, and physical advertisements on billboards and bus shelters. These varied channels allow collaboratives to reach potential homebuyers through multiple touchpoints, increasing the likelihood of engagement.

In-person events and community-based activities have emerged as crucial components of outreach strategies. One collaborative's homeowner resource fairs provide a comprehensive introduction to services, offering individual consultations and homeownership education. In another market, the collaborative has organized Homebuyers Clubs, which leverage community spaces such as churches and grassroots organizations to foster trust and maintain engagement with prospective buyers. Some collaboratives have organized town halls with elected officials, while others hold regular open meetings to update residents on activities and incorporate community input into their governance structures. Recognizing the importance of meeting residents "where they are," several collaboratives have implemented targeted mobile outreach efforts. Two collaboratives offer a form of a homeownership help desk or mobile mortgage office, which set up in libraries, train stations, and senior centers to provide resources and address community-specific barriers. Another collaborative identifies specific neighborhoods facing acute homeownership challenges (e.g., high foreclosure rates) and sends staff members conduct door-to-door outreach to offer information and resources. Outreach and service efforts build on each other, causing a snowballing effect through word-of-mouth referrals, which collaboratives have noted as particularly impactful in converting residents into clients. This organic growth in community engagement underscores the success of the collaboratives' multifaceted outreach strategies.

By leveraging WORTH funding to expand marketing and outreach capabilities, these housing collaboratives have significantly enhanced their ability to connect with and serve communities of color. The combination of digital platforms, diverse media strategies, in-person events, and targeted community engagement has created a robust ecosystem of support for potential homebuyers that directly counteracts some of the imbalanced historical inequities and expectations around homeownership.

Strategies Gaining Momentum

In year 2, at least half of all collaboratives reported gaining momentum across a range of strategies that were undeveloped or underdeveloped in year 1. These included strategies focused on building or

acquiring homes and vacant lots, preserving homes among existing homeowners, and offering financial products for home purchases. Collaboratives employed diverse approaches tailored to specific local needs and market conditions, leading to notable advancements in these areas.

HOME CONSTRUCTION AND ACQUISITION

In year 1, several collaboratives mentioned the lack of affordable housing supply as a significant barrier to homeownership, and several used their WORTH funds to produce new housing units. Today, the number of renter households compared with the inventory of for-sale homes remains near historically high levels (Neal et al. 2024). And the inability of supply to keep up with potential demand has limited the homeownership rate. But given the high costs associated with unit production, many collaboratives focused on upstream factors influencing housing supply instead. Milwaukee¹⁶ established an acquisition fund to combat predatory acquisition from institutional investors and offer affordable, rehabilitated homes for ownership rather than rental. Another collaborative established partnerships with builders of color to address how upstream labor scarcity increases construction costs and, in turn, home costs. The rural and tribal collaborative continued to implement its DreamBuild model¹⁷ and garnered interest from other collaboratives looking to adapt similar strategies in their markets.

In year 2, all collaboratives continued these activities but expanded their work on supply, using multipronged approaches and partnerships within and beyond their member organizations to boost supply. With a central goal of boosting affordability by increasing supply, collaboratives have many avenues for lowering costs, including creative approaches to land acquisition, building conversion, development financing, and input and construction costs. Some collaboratives acquired vacant lots from land trusts, land banks, housing authorities, or other nonprofit partners to develop new units at reduced costs. Community land trusts, specifically, are also key partners in most collaboratives. In addition to providing affordable land, prebuilt housing supply, or both, land trusts sometimes interact with clients by connecting homebuyers to affordable purchase options. When it comes to direct development, nonprofit homebuilders, such as Habitat for Humanity, support most collaboratives in building homes at a reduced cost. To finance their development, collaboratives used mechanisms such as predevelopment funds, tax increment districts (box 1) and New Markets Tax Credits, and lending from partners such as community development corporations. Other collaboratives have strategies to convert rental units into homeownership units through expansion of tenant opportunity to purchase acts or other funds. By blending and braiding these strategies, collaboratives are increasing the number of homes on the market that are affordable to low- and moderate-income purchasers.

BOX 1

Combating Rising Home Costs with Tax Incremental Financing Districts in Milwaukee

Milwaukee has implemented Tax Incremental Districts (TIDs) as a “special financing tool that enables the city government to borrow against the growth of tax base in order to create a pool of loan resources” for owner-occupants to receive no-interest loans up to \$10,000, forgivable after five years, to support building code-related repairs.^a A new Midtown Home Ownership Initiative Tax Incremental Financing District supported by the WORTH-funded Community Development Alliance was adopted in June 2024 as a developer-financed TID.^b The city approved a contribution of \$2.34 million out of the total estimated \$19.2 million investment in 130 existing and new duplexes and single-family homes through 2027. The TID resources will provide approximately \$50,000 per home to drive the home purchase price down from the market rate of about \$250,000 to the target purchase prices of around \$120,000. The new homes are estimated to result in increased annual taxes of \$125,000 for the city.

^a “NIDC: Tax Incremental Districts (TIDs),” Milwaukee Department of City Development, last updated October 1, 2023, <https://city.milwaukee.gov/DCD/NIDC/HousingTIDs>.

^b City of Milwaukee, Wisconsin, Redevelopment Authority Meeting Proceedings, June 20, 2024, <https://milwaukee.legistar.com/MeetingDetail.aspx?ID=1205694&GUID=DB3C98B1-2C48-49BF-9757-EC35DF1A167E&Options=info%7C&Search=>.

Investing in building up the numbers and capacity of developers of color can alleviate supply-side barriers to affordable home production and leverage development industry profits to support professionals of color. The rural and tribal collaborative, recognizing a shortage of contractors and appraisers serving reservations and Native communities, initiated a workforce development program before WORTH was launched but has been supported by WORTH funding. This program equips Native individuals with skills and on-the-job experience to build or sell homes while offering pathways to upward mobility and wealth building. In some collaboratives, partners counteract decades of discriminatory labor sourcing by ensuring that developers of color learn about development opportunities and have the chance to compete for them. Other collaboratives have programs aimed at building capacity among developers of color to increase wealth within communities of color and to increase the supply of construction labor and promoting more affordable housing development.

As collaboratives work toward increasing affordable housing supply, they must also consider short- and long-term climate resilience to create pathways for sustainable homeownership. Though location and regional infrastructure affect resilience, some collaboratives are looking for design innovations, both in disaster recovery rehabilitations and in new stock, that will enhance resilience for homeowners’ individual units and communities. Modular housing—already a source of affordable housing—offers one

such form of low-cost, climate-resilient housing that collaboratives have increasingly sought to build into their offerings.

Though supply efforts progress on a longer time scale than some other strategies, the significantly expanded focus on supply since year 1 reflects an increasing recognition of the need for diverse, locally adapted approaches to tackle the lack of low-cost units as a barrier to homeownership.

HOMEOWNERSHIP PRESERVATION

Within the past year, most collaboratives have introduced or expanded efforts into homeownership preservation to combat inflation and other economic headwinds that threaten homeownership gains in communities of color.

Some collaboratives used innovative outreach, housing counseling, and individualized assistance practices to connect homeowners to vital preservation resources. For instance, mobile support teams and hotlines provide legal consultations and direct referrals. The supports from these services include estate planning, titling support, financial counseling, repair resources, and mortgage, tax lien, or foreclosure assistance. Going into communities and offering these services to anyone needing support are ways that collaboratives can connect with more people and build trust, relationships, and reputations of reliability in marginalized communities that face preservation challenges.

Some collaboratives have devoted WORTH resources to legal assistance to preserve homeownership for residents with heirs' property or tangled titles. Tangled titles occur when a homeowner dies without a will, and their descendants continue to live in the home without formal transfer of the deed to their name. Tangled titles can become increasingly complex when it is heirs' property, where multiple descendants share unclear and undivided ownership. Affected individuals face homeownership responsibilities, such as paying taxes, but lack access to the benefits and resources of ownership, such as disaster relief eligibility or the ability to leverage equity. This issue disproportionately affects historically marginalized communities, particularly Black and Native households, and can result in vacant properties and loss of family wealth. Data about these properties are often scarce, but their prevalence can vary significantly across different geographic areas. Some collaboratives noted that interorganizational collaboration and infrastructure raises awareness and extends impact around tangled title issues. In at least two collaboratives, cross-organizational partnership and advocacy related to tangled titles have spurred engagement with the issue, including the establishment of a new city working group and national attention on the challenges of tangled titles. Furthermore, because tangled title cases are so complicated, one collaborative has found that an

interorganizational referral system is important for quality and quantity in service provision and connecting clients to appropriate resources.

Some collaboratives use monetary relief to support preservation efforts. Though costly, collaboratives found that providing direct financial assistance can effectively attract homeowners in need without extensive marketing efforts. By offering monetary relief to support struggling households with mortgage payments, tax liens, or utility burdens, collaboratives have seen residents actively seek assistance. This approach provides immediate relief and helps build lasting support structures for residents. Once the client is “in the door,” collaborative partners can triage their needs and continue supportive services and resource provision beyond the initial monetary assistance.

With so little housing supply and such high prices, home repair and rehabilitation are crucial strategies for preserving homeownership and building wealth. Collaboratives focused their work on rehabilitation that meets the WORTH definition of preservation—namely, work that makes a home habitable or corrects its structural issues. Smaller-scale home improvement activities, such as weatherization or remodeling, cannot be counted as home preservation under the WORTH grant. This year, as collaboratives pivoted their strategies toward preservation more broadly, some collaboratives expressed concerns about the limitations of the WORTH definition. Rehabs (e.g., weatherization repairs or appliance upgrades), even those that do not meet WORTH's definition of preservation, can have immediate monthly affordability impacts and contribute to long-term wealth retention and neighborhood stability. Some collaboratives use WORTH money to fund home repairs and rehabs themselves, but the grant also supports the operational costs of capacity building and resource development. For instance, rather than pay for expensive per unit rehabs and repair costs, a partner in one collaborative strengthened homeownership preservation offerings by creating instructor trainings for postpurchase housing preservation counseling, including consideration of rehab resources. Generally, market-specific characteristics (the availability of other direct service providers, the kinds of needs and opportunities available) determined collaboratives' approaches.

Overall, the emphasis on preservation strategies has become increasingly pronounced in year 2, reflecting a commitment to support new homeownership and to sustain existing homeowners in marginalized communities in the face of increasingly difficult economic conditions.

MORTGAGE FINANCE AND CREDIT BUILDING

Recognizing that traditional DPA alone is insufficient, collaboratives in year 2 began developing and implementing innovative mortgage finance strategies to address specific credit barriers communities of

color face. This shift included alternative loan products and credit certificates tailored to communities of color (though open to households of any race or ethnicity).

Collaboratives are increasingly exploring alternative lending products that accommodate a wider range of financial profiles. One collaborative introduced mortgage credit certificates, which help reduce interest rates for eligible homebuyers. Another collaborative soft-launched an innovative loan option that uses rental payment history, rather than a traditional credit score, to determine creditworthiness and allow for higher debt-to-income ratios. Recognizing that financial products and systems have contributed to the racial wealth gap, one collaborative's program offers 100 percent loan-to-value ratios with manual underwriting.¹⁸ Understanding that not every homebuyer will be mortgage ready, other WORTH programs help clients build credit. One collaborative's program provides matched funds for secured credit cards that enable clients to establish and improve their credit scores. These products' flexibility alleviates interest cost burden and addresses barriers faced by potential buyers who might not qualify for conventional loans, thus expanding access to homeownership while protecting households from being overexposed to debt.

Beyond creating their own credit-broadening products, collaboratives are also working with private and public lenders to expand access to conventional mortgage products. Some collaboratives are partnering with housing finance agencies to maximize product offerings. For example, Philadelphia partnered with the Pennsylvania Housing Finance Agency to create a pilot loan product that offers deep DPA and favorable interest rates for households who complete homeownership counseling. Other collaboratives in markets where accessible mortgage credit products already exist simply need to market them to households of color. In New York City and Philadelphia, collaborative partners have invited private lenders and public grant makers to events to table and present about their products, educating potential homebuyers about financing options. Whether and how collaboratives work with existing mortgage suppliers to expand offerings or create new credit products to address unique community barriers depends on their local contexts and the credit barriers households of color face within those markets.

The momentum gained in mortgage finance strategies in year 2 reflects a broader understanding of the barriers households of color face. By implementing innovative financial products, fostering partnerships with housing finance agencies, and providing critical legal support, collaboratives are taking significant steps toward bridging the homeownership gap and building intergenerational wealth.

Less Common Strategies Used

Collaboratives had few connections with workforce development professionals to boost job skills and income and with real estate professionals to improve the housing search and referral process to connect potential homebuyers to other supports that could help them achieve homeownership. But uncommon does not mean unimportant. The scarcity of collaborative activity in these arenas is more indicative of how difficult and novel it is to engage actors further upstream in the homebuying process than it is of the degree of influence they have in the homebuying process. By identifying and implementing these less common strategies, collaboratives can more effectively support individuals and families on their path to homeownership within their particular market contexts.

EMPLOYMENT AND INCOME

WORTH collaboratives recognize that employment and income are critical upstream factors determining homeownership outcomes,¹⁹ but outside of work among developers of color, most collaboratives have not sought to directly influence incomes or employment among communities of color in their markets as part of their WORTH-supported programming. Most collaboratives explained in year 1 that they did not have connections with organizations working on employment or income in their markets, with workforce and pay equity initiatives being largely siloed from homeownership initiatives and led by different organizations in their areas. But in year 2, a few collaboratives have made intentional strides into this arena by creating connections between prospective homebuyers and workforce initiatives or offering direct material support helping people of color achieve better employment, gain financial literacy, and build the credit needed to purchase a home.

In terms of creating connections, collaboratives had bidirectional offerings bringing either homeownership education into existing employment initiatives or offering financial and workforce coaching connections and products to prospective homeownership clients. One partner in the rural and tribal collaborative offers a workforce development program that provides training for in-demand jobs that members within the collaborative can have their clients attend. WORTH partners in another collaborative can refer clients to Financial Opportunity Centers, which provide financial coaching, job placement assistance, and help navigating public benefits, equipping potential homebuyers at any phase in the homebuying journey with comprehensive support and financial literacy to navigate the homebuying process. Partners in one collaborative provide financial education and tax information to self-employed individuals, helping those outside the more common employment models understand their unique financial profile. These self-employed individuals would otherwise have incentives to maximize expenses to reduce tax liability, and the partners coach these individuals in how to balance

those incentives against the need to show adequate income to qualify for a mortgage. These examples show how collaboratives are working to ensure potential homebuyers learn how to make informed employment and financial decisions that will make affording and securing a mortgage for a home easier.

Two collaboratives support direct financial assistance related to employment. One collaborative has a unique program that recruits employers to offer DPA for employees. In another collaborative's program pilot, clients work with staff to develop an action plan toward accessing a career development loan. During the process, the collaborative might cover clients' rent for a set period, allowing them to focus on obtaining a career development loan that would cover the costs of pursuing training or education for securing better-paying employment. This dual approach supports immediate financial stability and lays the groundwork for improved credit and savings, moving clients closer to the point of home purchase.

By fostering connections between housing and workforce initiatives, a few collaboratives are making significant strides in addressing intertwined employment, income, credit-building, and homeownership challenges. Ultimately, these efforts are essential for closing the homeownership gap and fostering long-term economic stability and wealth within communities of color, and it might be worth expanding discussions about how to better integrate employers and workforce initiatives with homeownership efforts across other collaboratives and markets.

PARTNERING WITH REAL ESTATE PROFESSIONALS

A few collaboratives reported engaging with real estate professionals to increase the number of new homeowners of color in their markets. In an industry that has historically seen racially discriminatory practices, collaborative connections can help restore integrity and build trust for prospective homebuyers (Hall, Timberlake, and Johns-Wolfe 2023). In at least one collaborative, homebuyers most commonly contacted a real estate professional before engaging with a WORTH collaborative member. Their touchstone with the homebuying process is through an agent, and thus, having real estate agents who are educated in fair housing practices and connected to WORTH resources is crucial. WORTH collaborative members in this market have programs to educate real estate professionals on racially equitable practices as well as DPA and financing options available through WORTH partners. Having bidirectional referral connections established between WORTH partners and real estate agents ensured that the housing search provided robust supports for households of color. In other collaborative markets, potential homebuyers connect with homeownership counseling agencies who refer them to a trusted real estate professional when households are mortgage ready. In managing the complicated economic conditions of the past year, collaboratives mentioned that many homebuyers

might be mortgage ready but with limited or no supply available. In these situations, collaborative members may match potential buyers to homes through their real estate agency connections or by building homes themselves.

Advocating for Systems Change

Many collaboratives, either spurred or facilitated by WORTH, integrated policy advocacy into their ongoing efforts to address systemic challenges homebuyers face. This approach was not frequently discussed as a stand-alone strategy in year 2 focus groups, but it remains an integral part of their work. All collaboratives recognize that individual strategies alone might not be sufficient to overcome systemic barriers and continue to weave advocacy efforts into their broader initiatives. These advocacy efforts are often tailored to the specific needs of homeowners in different geographies, reflecting the unique histories and policies of local markets. For example, the Houston collaborative advocates for additional government funding for home repair programs critical to supporting existing homeowners. The Milwaukee collaborative worked with the city to establish a Tax Increment District and to acquire and repurpose vacant lots. The New York City collaborative advocates for a Tenant Opportunity to Purchase Act. And the Philadelphia collaborative is tackling tangled title issues within local and state policies. The flexibility of WORTH funding enables collaboratives to intensify advocacy efforts in collaborative markets where systemic problems require policy-level interventions.

Notably, these advocacy initiatives typically focus on long-term systemic change. Although this approach is crucial for addressing some of the root causes of housing discrimination, it can present challenges in demonstrating immediate results. Collaborative members acknowledged that many of their strategies extend beyond the timeline of the WORTH initiative and that their full impact might not be apparent or measurable in the short term.

Factors Affecting Implementation Progress

Many of the advancements in the collaboratives' strategies emerged simply because of time in the field, but many emerged because of notable changes in their local enabling environments. During focus groups, collaborative members cited strong headwinds arising from market and policy shifts, as well as changing dynamics related to systemic racism. But others noted significant advancements and ease stemming from improvements in collaborative evolution and growth. Additionally, structural changes to the WORTH grant program (i.e., extended timelines to meet programmatic goals) disrupted collaboratives' function with mixed impacts. The combination of these factors provides important context for understanding the reasons collaboratives focused on the strategies they did and why they achieved the quantitative outcomes we document later in this report.

Market and Policy Environment Factors

As in year 1 of WORTH implementation, we asked collaboratives about what factors outside their control in their local, state, and national environments challenged or improved their homeownership strategies. During year 2, national pressures on housing prices and financing costs continued to dampen homebuying, compounded by housing supply shortages and an uncertain policy and legal environment for programs focused on equity for households of color.

Rising Home Purchase Costs

Significant price pressures in the past year have driven up the core costs of purchasing a home: property, interest, taxes, and insurance, or PITI as it is called in the mortgage finance industry. At least half the collaboratives discussed how inflation has driven up home sales prices and mortgage interest rates, widening the gap between cost and ability to pay that they were trying to fill with strategies such as DPA. Some pointed out that home appraisal values had also jumped substantially in their markets, while at least one collaborative noted a citywide property tax reassessment had driven up property taxes, threatening the ability of homeowners with limited or fixed incomes to continue meeting monthly payments.

Oftentimes, the people we're approving are right on the margins with their debt-to-income ratio, and the rise in interest rates have put some borrowers beyond that limit.

—Focus group participant

One unanticipated price pressure was rising homeowner's insurance costs across the country. Nationally, on average, homeowner's insurance costs increased 20 percent between 2021 and 2023, tied closely to increasing climate events and risks.²⁰ In 2023, the average annual home insurance cost was \$2,377 across the country, but average costs for some states served by WORTH collaboratives were higher, such as in Texas (\$4,456), Georgia (\$2,426), and other key states served by the rural and tribal collaborative, including Mississippi (\$4,312) and Arkansas (\$3,368).²¹ Flood insurance was noted as particularly challenging for current and potential homeowners alike because it is in addition to basic homeowner's insurance and must be paid in one lump sum annually. Affected collaboratives discussed homeowners being forced to move to lower their insurance costs or forgoing hazard or flood insurance on homes where the mortgage had been paid off.

In the face of these increasing costs, collaboratives noted that WORTH and other available funding still does not go as far as needed to reach homeowners without significant savings or ability to save. Some collaboratives pointed out that the most successful strategy for filling this gap—down payment assistance—is underresourced, especially given limited funds allocated to affordable housing at the state and local level. Native community development financial institutions also lack the low-cost, long-term capital for housing lending, especially as prices increase.

Lack of Affordable Homes

Similar to year 1 findings, collaboratives continued to experience supply challenges, including high housing development costs, a lack of affordable land, lack of affordable starter homes, and low overall inventory for sale compared with demand. Almost all collaboratives noted a lack of homes available for purchase within the range of affordability for their clients, reducing options and pricing potential homeowners out of the market. They described multiple contributing factors, from low inventory of existing homes for sale attributable to high interest rates, to continued loss of stock in at least two collaboratives' markets, to outside investors and cash buyers, including those that purchase single-family homes and convert them to rental units. Collaboratives also discussed myriad challenges to

developing new, affordable units. Exclusionary zoning codes and burdensome development approval processes continued to stymie construction in several markets. Collaboratives also discussed the limited capacity and inventory of small-scale developers, including nonprofits and developers of color, and that private-sector development has slowed. High development costs—including the cost of land, construction, and insurance costs for developers—made it expensive to build homes in many areas collaboratives served, and many developers lacked incentives to build and sell at an affordable price.

Down payment assistance without inventory doesn't do any good. So I think we've kind of maximized what down payment assistance and counseling can do without inventory intervention.

—WORTH grantee

As one potential solution to high costs and lack of supply, collaboratives are focusing more on preservation strategies but cited bureaucratic challenges in heirs' property and tangled title issues. Similar challenges were noted regarding disaster recovery funding to preserve homeownership after climate events and high costs for materials and labor for critical home repairs. One collaborative found itself in a continual battle against predatory scams (box 2).

BOX 2

Fighting Predatory Housing Schemes

Predatory actors continue to try to strip wealth from existing homeowners. Collaborative members from Philadelphia discussed a new scheme circulating locally wherein a real estate company offered up-front cash payments to homeowners if they signed a contract to use the company if they ever decided to sell their home. Homeowners did not realize they were signing a lien against their property. The collaborative is now undertaking outreach and community education efforts to spread awareness and is litigating in court. One collaborative staff member noted that an attorney working with them on these cases said, “it [i]s easier to get your house stolen than your purse stolen in Philadelphia.” The collaborative also continues to fight other types of deed fraud where people are stripped of their ownership rights over property and to help homeowners navigate other alleged opportunities that are actually scams.

Uncertain Policy and Legal Environment

As in year 1, some policy and legal environments remained challenging for implementing a program to support homeowners of color. Collaboratives noted continued fallout from the Supreme Court ruling on affirmative action and waning support for racial equity and programs encouraging it.²² Most collaboratives discussed more subtle struggles to marketing race-focused programs, such as state responses to the Supreme Court decision, ranging from one state that planned to focus more attention and resources on promoting homeownership for households of color to another that cut funding for any housing program advocated for on equity grounds. As a result, some collaboratives were looking at the language they use to talk about housing needs and challenges in front of their state legislatures and reframe issues in race-neutral language.

Despite these challenges, local support seemed to strengthen in year 2, with half of all collaboratives discussing increased local support for affordable housing. This includes increased mayoral support and cities sustaining support for housing programs in their budgets, even as original funding sources, such as federal American Rescue Plan Act dollars, dwindled. One city made it easier to transfer properties from its land bank to the local community land trust for homeownership. These changes were often the result of advocacy of WORTH collaborative members and partners.

Factors Related to Systemic Racism

Fewer collaboratives in year 2 spoke about historic and persistent biases in the housing industry as a significant obstacle to increasing the number of homeowners of color, but these disparities still exist across the homebuying pathway presented in figure 1. We explain these obstacles in detail within the first implementation report. They include the persistent effects of historical discrimination such as redlining, segregation, racial covenants, and extractive rental and mortgage contracting practices (Rothstein 2017), as well as modern racially disparate practices in housing search steering, biased home appraisals, and mortgage denials, among others (Scally et al. 2024). The accumulation of these historical and modern roadblocks are responsible for a large part of the homeownership gap.

One of the largest contributors to the homeownership gap is the wealth gap. The wealth gap between Black and white families (as one example among all households of color) was \$240,210 in 2022.²³ Black families are similarly likely as white families to expect to leave an inheritance to younger generations, but a Black-white inheritance gap exists, both in the share of families receiving an

inheritance and in the amount inherited. Black families are also less likely to receive inter vivos (or living) transfers, such as help with their down payment from families (Neal et al. 2023).²⁴

Although the racial wealth gap and the racial homeownership gap have a circular relationship, homeownership is the starting point for wealth accumulation. As described in year 1, potential homeowners need enough wealth for a down payment and substantial income to support mortgage payments to successfully purchase a home. Many households of color lack intergenerational wealth and familial support for important expenses such as down payments or college tuition and therefore do not have the resources or income to buy a home.

In this second year of implementation, collaboratives spoke of more nuanced barriers to wealth accumulation. Collaboratives raised challenges pertaining to the current economic and political landscape, such as low wages and reduced purchasing power attributable to rising interest rates, inflation, high insurance rates, and limited housing stock. Although those barriers (as laid out above) are not necessarily consciously racialized, persistently lower wealth and incomes among households of color mean those changes hit WORTH target beneficiaries harder than other potential homebuyers.

Collaboratives this year spent time explaining nuanced challenges facing the communities they serve (box 3). Specifically, two collaboratives began talking about their efforts to address systemic barriers to wealth building for individual taxpayer identification number (ITIN) holders (i.e., those who cannot get Social Security numbers, such as green card holders),²⁵ for whom homeownership is an especially uncharted arena (Goodman, Mehrotra, and Zinn 2024). Through WORTH support, one grantee considered providing alternative credit programs as its best strategy: “Not only are we able to prepare and help those families with establishing their credit, the grant itself is something unheard of for ITIN families. There has never been assistance for ITIN buyers, so that is definitely something that is changing, and it’s going to be of the most benefit in creating opportunities for this group of homebuyers.” If successful, WORTH grantees’ strategies to help ITIN buyers achieve homeownership may provide an initial guide for policy reforms or other programs to chip away at barriers they face beyond initiative participants’ markets and the grant period of performance.

BOX 3

Homeownership Barriers Unique to Native American Communities

Financing and building new housing on tribal lands remains challenging. The development process and the homeownership journey are both complicated and complex processes that can be barriers for developers and prospective owners alike. On reservations and trust land, different funding streams and legal requirements, along with lack of staff capacity and expertise to address unique legal circumstances, makes development and homeownership even more arduous than on nontribal lands. Tribally Designated Housing Entities (TDHEs), essentially the public housing authorities that operate on these lands, are funded by the Indian Housing Block Grant program. Congress appropriates the program, but delays in reauthorization and insufficient funding compromise TDHEs' ability to maintain or develop housing stock. Though TDHEs traditionally focused on rental housing stock, partners in the rural and tribal collaborative are starting to build relationships with them and collaborate on supply efforts. Also, related to mortgage finance, for purchases on Native lands held in trust, federal legal assistance is needed to sign appropriate property lease agreements. Grantees' activities to address those mortgage challenges are outlined in our year 1 implementation report.^a

^a Corianne Payton Scally, Michael Neal, Lydia Lo, Violet Sulka/Hewer, Matthew Pruitt, Ilina Mitra, and Jung Hyun Choi, *Launching the WORTH Initiative to Create New Homeowners of Color: Year One Evaluation Study Implementation Report* (Washington, DC: Urban Institute, 2024).

One new factor that collaboratives began discussing this year was the psychological aspects of homeownership in the context of systemic racism. When facing stories of emotional trauma arising from past discrimination and modern dominant norms around renting within communities of color, WORTH grantees face considerable challenges building excitement around homeownership.²⁶ One collaborative member noted, "People don't always associate the 'quintessential American story' of homeownership with Black stories of success." Collaborative members acknowledged that their programs often do not address the emotional weight or psychological barriers of changing cultural norms and expectations around homeownership. One grantee explained, "What I'm starting to see right now in my personal life, and have seen it for years, is the psychological aspect that we can't even really touch with an Excel document, Excel spreadsheet, or a Word document. Homeownership is scary. How are we making it palatable?" Increasingly, collaborative members spoke about the need for strategic thought and messaging in their marketing to address these norms and traumas that dissuade people of color from pursuing homeownership.

The psychological aspect [is one] we can't even really touch with an Excel document, Excel spreadsheet, or a Word document. Homeownership is scary. How are we making it palatable?

—WORTH grantee

Collaborative Evolution and Growth

In contrast to the first year of implementation, collaboratives this year spoke at length about the ways their roles, capacities, and external connections had matured, enabling them to better address the complex challenges they faced and make better progress.

Deepening Trust and Enhancing Relationships

In the second year of the WORTH initiative, collaboratives have reported significant advancements in trust and relationship building, fostering a stronger sense of shared ownership in their collective mission. Collaboratives communicated a pronounced commitment to working together, highlighting the importance of pooling resources to achieve their goals. Staff members expressed that being part of a network of mission-aligned partners enhanced their sense of belonging and reminded them of the broader purpose behind their work. One member noted, “It was nice to feel like...[we] aren’t on [our] own; being part of the broader collaborative under WORTH opened more doors.”

It was nice to feel like...[we] aren’t on [our] own; being part of the broader collaborative under WORTH opened more doors.

—Collaborative staff member

Collaboration in year 2 has become more systematic, with established meeting patterns and frequent connections among members. Regular interactions have nurtured deeper connections and reduced the competitive tensions reported in year 1. Both formal and informal peer learning opportunities within and across collaboratives have multiplied in year 2 as collaboratives look to

expand and improve their strategies and operations. One member remarked, “Being able to pick up the phone for advice or insights from other partners is invaluable...it feels collaborative, not competitive.” This enhanced communication has energized participants and, in some collaboratives, open communication channels between organizations have facilitated ongoing feedback, allowing teams to address frustrations or barriers and build trust.

The past year has seen an increase in members’ reliance on one another within collaboratives. Similar to year 1, focus groups emphasized the importance of dismantling silos. But the approach has evolved: although year 1 focused on identifying unique contributions, year 2 has seen collaboratives leveraging each other’s expertise. “We all work in different specific areas, and that extra edge helps support the team,” noted one member. Another emphasized that understanding each other’s strengths has been “the most fruitful part of our partnership.” These connections across partners within market homeownership ecosystems help collaboratives more seamlessly address the full breadth of the complex system blocking households of color from homeownership.

Expanding Capacity

As well as deepened relationships, enhanced capacity within collaboratives has laid a robust foundation for continued progress in the WORTH initiative. WORTH’s flexible funding has played a crucial role in strengthening the collaboratives’ infrastructure, allowing member organizations to enhance their internal capacity. Building on year 1’s progress, several collaboratives used WORTH funds to hire new staff members or consultants. This investment has improved program administration and data collection, as members report greater familiarity and stronger ties across organizations arising from having dedicated staff capacity for communication, results monitoring, and strategic coordination.

Supported by the WORTH grant, most collaboratives have developed cross-organizational resource websites and interorganizational data-sharing systems, streamlining collaboration and improving accessibility for clients. Year 1 laid the groundwork for these initiatives, and year 2 has seen their practical application. Collaboratives have launched data-sharing and client referral systems that share and track programmatic and client information. One collaborative platform automatically creates client entries in a shared data management and client tracking platform, more efficiently connecting clients with appropriate services. This growing culture of data sharing enables staff members to more effectively support clients throughout the homeownership journey.

Collaboratives noted that flexible funding alleviated administrative strains and provided breathing room for innovative thinking. One participant remarked that this opportunity enabled brainstorming

beyond traditional services, leading to the development of creative ideas. This flexibility has been essential for navigating implementation challenges and enhancing programmatic efficacy.

Expanding Networks

Collaboratives have leveraged WORTH funds to empower partner organizations and build extensive networks. Some collaboratives have implemented a culture of feedback that has proven instrumental in refining their strategies. By soliciting input from residents, community partners, and industry stakeholders, they have built a “circle of allies” that fosters sustained communication. This ongoing dialogue enables real-time engagement with partners’ questions and challenges, enhancing program development and administration. One collaborative noted that the funding enabled them to help build the capacity of smaller community-based partners. Another collaborative banded together with neighborhood groups to engage institutional investors, aligning their shared goal of facilitating homeownership for low- and moderate-income individuals. This unified front strengthened strategy implementation and fostered trust within the community.

In response to recommendations from a peer collaborative, another collaborative is seeking to establish relationships with governmental and quasi-governmental stakeholders. This focus on partnerships in previously uncharted areas reflects a commitment to achieving sustainable support for homeownership programs.

Program Structure and Changes

Shifts in WORTH program staffing, activities, and goals for the program funder—the Wells Fargo Foundation (WFF)—created some implementation uncertainty for collaboratives during year 2 and affected the program evaluation. Despite this uncertainty, some shifts might set the initiative on a more positive course.

One practical challenge collaboratives navigated is program leadership turnover at WFF. Several foundation staff members who conceived of the initiative and set up the program requirements and grant agreements are no longer at the organization. The transition took time, leading to communication gaps and rescheduling of planned activities. Delays on an all-collaborative convening (moved from fall 2023 to February 2024) and associated delays in launching peer learning activities meant collaboratives were not connecting regularly to share their opportunities and challenges, and learn directly from one another, for most of year 2 implementation.

New leaders also brought a different lens to the work, resulting in some ongoing program changes. During year 2, WFF leaders expressed concerns that grantees were behind on their spending and progress toward creating the program goal of 5,000 new homeowners of color, despite no existing annual benchmarks and the fact that it takes time to ramp up new homeownership collaboratives and programs. This led to some grant restructuring, but collaboratives expressed concerns about being able to uphold or needing to restructure their agreements with partners, the diminished annual funding, and the necessary reductions to planned activities as a result, which would further reduce the number of homeowners their strategies could serve. These challenges caused tension between WFF, the WORTH collaboratives, and the Urban evaluation team regarding how to define and standardize outcomes across grantees and how to benchmark progress in the face of changing goals, difficult economic conditions, and grant performance periods.

Finally, the alignment between WFF WORTH initiative goals and strategies and the Wells Fargo corporate business strategy produced mixed results in furthering program goals. Collaborative relationships with their corporate liaisons are uneven. Bank representatives in some markets are engaged with collaboratives and support their goals, while collaboratives in other markets reported their bank contacts were less supportive. To address some of these challenges, WFF worked with regional corporate representatives to foster deeper working relationships between collaboratives and their local bank representatives. This included inviting corporate representatives to the February 2024 convening and hosting breakout discussions and deeper coordination, as well as strengthening internal coordination between WFF and corporate liaisons.

Year 2 Progress

As part of the WORTH initiative, Urban tracks new and preserved homeowners of color in each collaborative (box 4). In practice, each collaborative has a data lead who reports on its activities. In turn, Urban researchers clean and aggregate the data from each data lead. The following sections document the results that collaboratives reported across their different strategies to create and preserve homeowners of color.

BOX 4

Urban Institute Data Assembly and Reporting Principles

Urban's calculations from collaboratives' submitted data are the activity counts of record for the WORTH initiative. The steps taken to count new or preserved homeowners of color across each collaborative apply the principles consistent with standard evaluation. But the numbers reported in the report do not reflect performance, which **must** account for contextual factors and baseline conditions (as laid out in the prior sections). Rather, the results reported here reflect principles applied consistently across collaboratives to ultimately understand the initiative's collective quantified impact. Although critical, many of the collaboratives' most significant impacts are unquantifiable or extend beyond the designated evaluation period. For more information on data sensitivities, see the appendix.

Homeowners of Color Created and Preserved

Over the first two years of the WORTH initiative, Urban estimates that 9,762 people of color have achieved or preserved homeownership (table 1). The total estimate of new and preserved homeowners of color reflects 3,998 people in the first year and 5,764 additional people in the second year.

TABLE 1

Supported Homeowners of Color, by Collaborative and WORTH Program Year

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Year 1	340	1,082	300	289	741	463	783	3,998
Year 2	524	1,329	576	547	1,248	252	1,288	5,764
Total	864	2,411	876	836	1,989	715	2,071	9,762

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data.

Notes: The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas. Houston and Richmond did not have race and ethnicity data, which we took out from year 1. New York City and Atlanta provided new data that we updated in the year 1 numbers.

All collaboratives continued to serve people of color in year 2. And the success achieved by race and ethnicity was broad based. As in the first year, those who identify as Asian, Black, Hispanic, or Native American or are a member of another nonwhite racial or ethnic group were all supported to become homeowners or preserve their homeowner status in the second year (table 2). The number of new or preserved Black homeowners continued to account for the leading share across all racial and ethnic groups. New or preserved Hispanic homeowners accounted for the second-highest count. Together, these two racial and ethnic groups accounted for 88 percent of all recorded new or preserved homeowners of color in year 2, largely similar to their 92 percent share of activity in the first year. Native American people accounted for 8 percent of all new or preserved homeowners in year 2 versus its 1.8 percent share in year 1. Approximately 94 percent of Native American new or preserved homeowners were served by the rural and tribal collaborative. The concentration of Native American beneficiaries in the rural and tribal collaborative was similar to year 1, where 95 percent of new or preserved Native American homeowners were served by the rural and tribal collaborative.

TABLE 2

Supported Homeowners, by Race and Ethnicity and WORTH Program Year

	Asian	Black	Hispanic	Native American	Other	Total homeowners of color
Year 1	180	1,974	1,450	344	50	3,998
Year 2	336	2,808	2,086	396	138	5,764
Total	516	4,782	3,536	740	188	9,762

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data and 2022–23 WORTH grantee year 1 reporting data.

Notes: Native American encompasses all people who identify as American Indian, Alaskan Native, Native Hawaiian, or Pacific Islander. “Other” includes homeowners of two or more races.

Despite challenging market conditions, the pace of activity accelerated over year 2, compared with year 1. The number of people of color that achieved or preserved homeownership was 44 percent higher (equating to 1,766 homeowners) in the second year relative to the first year.

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Accelerated increases in the number of people of color that achieved or preserved homeownership was broad based. Most collaboratives registered more activity in the second year compared with the first year (table 3). In addition, all racial or ethnic groups saw greater success in the second year compared with the first year.

In addition, improvements to data collection and reporting across most collaboratives have contributed to the increase from the first year to the second year. For example, collaboratives' use of centralized data hubs improved collection efforts of new or preserved homeowners. In addition, some partners working within a collaborative were not able to report in the first year but were able to report in the second year. In addition, strategies to boost supply began to emerge in collaboratives such as Milwaukee, which boosted their count of new or preserved homeowners of color.

TABLE 3

New and Preserved Homeowners, by Race and Ethnicity, Collaborative, and WORTH Program Year
Year 1

	ATL	HOU	MIL	NYC	PHI	RIC	R/T
Asian	1	31	46	61	23	13	5
Black	328	367	151	130	474	330	194
Hispanic	6	674	102	78	235	103	252
Native	2	2	0	3	3	6	328
Other	3	8	1	17	6	11	4

Year 2

	ATL	HOU	MIL	NYC	PHI	RIC	R/T
Asian	1	114	38	96	39	6	42
Black	500	522	299	282	586	178	441
Hispanic	12	687	211	139	567	61	409
Native	6	2	1	4	2	3	378
Other	5	4	27	26	54	4	18

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data and 2022–23 WORTH grantee year 1 reporting data.

Notes: Native encompasses all people who identify as American Indian, Alaskan Native, Native Hawaiian, or Pacific Islander. The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas.

Emerging Strategies to Boost the Number of New Homeowners of Color

Several collaboratives expanded their strategies, contributing to the accelerated increase in the number of people of color achieving or preserving homeownership. Most notably, the number of preserved homeowners of color rose significantly between the first year and the second year (though initial activity in the first year was very low).

Out of the total count of new and preserved homeowners of color, strategies aimed at creating new homeowners accounted for the largest share. And among those strategies, a few created the largest number of new homeowners of color: DPA, homebuyer counseling, and alternative or extended mortgage financing (table 4). Together, these three strategies represented 5,724 programs that helped new homebuyers of color access homeownership in the second year. Mortgage credit certificates, closing cost assistance, and community land trusts accounted for an additional 342 programs for new homeowners of color. Program activity increased from year 1 to year 2, as the 5,724 new programs from DPA, homebuyer counseling, and alternative or extended mortgage financing in the second year

was 44 percent more than the 3,937 new programs for homeowners of color represented in the first year.

TABLE 4

Strategies Creating New Homeowners of Color, by Collaborative and WORTH Program Year

Year 1

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Down payment assistance	182	899	-	103	455	187	102	1,928
Homebuyer counseling	79 ^a	17	300	30	720	-	29	1,175
Alternative and extended mortgage financing	-	-	-	-	-	463	371	834
Mortgage credit certificate	-	165	-	-	-	-	-	165
Closing cost assistance	-	-	-	-	-	8	-	8
Total	261	1,081	300	133	1,175	658	502	4,110

Year 2

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Down payment assistance	308	857	330	75	864	95	155	2,684
Homebuyer counseling	88 ^a	287	576	62	1,020	34	100	2,167
Alternative or extended mortgage financing	-	-	-	-	-	218	655	873
Mortgage credit certificate	-	178	-	-	-	-	-	178
Closing cost assistance	-	-	-	-	-	8	-	8
Community land trust	-	68	-	-	-	-	-	68
Total	396	1,390	906	137	1,884	355	910	5,978

Total

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Downpayment assistance	490	1,756	330	178	1,319	282	257	4,612
Homebuyer counseling	167 ^a	304	876	92	1,740	34	129	3,342
Alternative or extended mortgage financing	-	-	-	-	-	681	1,026	1,707
Mortgage credit certificate	-	343	-	-	-	-	-	343
Closing cost assistance	-	-	-	-	-	16	-	16
Community land trust	-	68	-	-	-	-	-	68
Total	657	2,471	1,206	270	3,059	1,013	1,338	10,088

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data and 2022–23 WORTH grantee year 1 reporting data.

Notes: The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas. These numbers include the number of programs that new homeowners of color accessed in the first and second years. Blank cells mean collaboratives did not report data on this strategy but can do so in future cycles.

^a Atlanta provided counseling data but did not include information on whether the individual became a homeowner. Those who received counseling are not included in the new or preserved homeowners of color in tables 1 through 3, 6 through 7, and 9.

Down Payment Assistance

Down payment assistance has spread as one of the most common strategies across all collaboratives and created the highest number of new homeowners of color. In year 1, six out of seven collaboratives reported new homeowners of color through DPA (table 4). In year 2, all seven collaboratives did so. Milwaukee, which did not report any new homeowners of color from DPA in the first year, helped 330 new people of color become homeowners in the second year.

In addition, 2,684 new homeowners of color accessed DPA in year 2, or 39 percent more than the 1,928 in year 1. In year 2, DPA accounted for 45 percent of all programs for new and preserved homeowners of color, slightly less than its 46 percent share in year 1. But it remains a key element of boosting the number of new homeowners of color.

Houston and Philadelphia saw the largest number of new homeowners of color through DPA. Philadelphia and Atlanta registered the strongest growth in new homeowners of color through DPA from the first year to the second year. In Philadelphia, DPA accounted for 69 percent of the programs new homeowners of color accessed, and DPA made up 69 percent of Atlanta's strategies among new homeowners of color and increased 90 percentage points from the first year to the second year.

Homebuyer Counseling

Homebuyer counseling has also played a significant role in boosting the number of new homeowners of color. Over the two years of the WORTH initiative, homebuyer counseling has coincided with 3,342 new homeowners of color (table 4). This number represents 33 percent of all programs for new or preserved homeowners of color.

The number of new homeowners coinciding with homebuyer counseling increased from year 1 to year 2. In the second year, 2,167 new homeowners of color were supported by homebuyer counseling. This was 85 percent higher than the 1,175 recorded in the first year.

In the first year, six of seven collaboratives reported new homeowners of color supported by homebuyer counseling. In the second year, all seven did so.

Philadelphia (1,020) and Milwaukee (576) reported the highest number of new homeowners of color supported by homebuyer counseling. In year 2, homebuyer counseling was a key share of new or preserved homeowners of color in Philadelphia and Milwaukee. In addition to Milwaukee, Houston and New York City recorded above-average growth in homebuyer counseling.

Alternative or Extended Financing

Alternative or extended financing accounted for 1,707 of the total number of new or preserved homeowners of color (17 percent). Richmond and the rural and tribal collaboratives reported new homeowners of color in both years.

The pace of new homeowners of color who received alternative or extended financing increased 15 percent between the first and second years. Of the number reported, the rural and tribal collaborative experienced a 77 percent increase from 371 in year 1 to 655 in year 2.

Supply

Collaboratives identified lack of affordable housing as a key barrier to creating new homeowners of color. Approximately 576 new units were built or renovated in years 1 and 2 (table 5), and among these homes, 509 were purchased by households of color. The increase partly reflects more collaboratives reporting new homeowners of color from supply strategies. In year 1, the Atlanta, Houston, and rural and tribal collaboratives reported new homeowners of color from supply strategies. In year 2, Milwaukee joined them. Milwaukee created or preserved 82 homes in the second year, but among those homes, only 15 were reported to have been purchased by new homebuyers of color. In addition, each collaborative reporting new homeowners of color through supply strategies registered a faster pace in year 2 versus year 1. The rural and tribal collaborative reported the largest increase. Atlanta and Houston also reported year-over-year increases.

TABLE 5

Number of New or Preserved Homes, by Collaborative and WORTH Program Year

New home construction and financing

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Year 1	55	31	-	-	-	-	32	118
Year 2	93	54	82	-	-	-	229	458
Total	148	85	82 ^a	-	-	-	261	576

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data and 2022–23 WORTH grantee year 1 reporting data.

Note: The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas. Blank cells mean collaboratives did not report data on this strategy but can in future cycles.

^a The Milwaukee collaborative included a data field highlighting newly constructed homes in its housing unit data. Out of 82 new constructions, 15 homes were purchased by homeowners of color and are added to the new homebuyers of color numbers in tables 1 through 3, 6 through 7, and 9. The remaining 67 newly built homes through WORTH funding do not have information on the homebuyer and are not included in the new homeowners of color numbers.

Preservation

High home prices, interest rates, taxes, and insurance costs have significantly reduced ownership affordability. In response, many collaboratives shifted away from new homeownership toward homeownership preservation. Broadly, homeownership preservation included foreclosure prevention and rehabilitation strategies.

The acceleration in new or preserved homeowners of color was partly attributable to a significant increase in the number of preserved homeowners. In the first year, the Urban Institute estimates 551 homeowners, or 14 percent of the 3,998 new or preserved homeowners, were in the preserved category (table 6). In the second year, preserved homeowners accounted for 23 percent (1,291). The number of preserved homeowners of color in the second year was 132 percent higher than the number recorded in the first year, while the number of new homeowners of color increased 29 percent.

TABLE 6

New and Preserved Homeowners of Color, by Collaborative and WORTH Program Year

		ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Year 1	New	237	1,019	300	133	720	463	575	3,447
	Preserved	103	63	-	156	21	-	222	551
Year 2	New	401	1,170	576	137	1,020	252	917	4,473
	Preserved	123	159	-	410	228	-	360	1,291
Total	New	638	2,189	876	270	1,740	715	1,492	7,920
	Preserved	226	222	-	566	249	-	582	1,842

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data and 2022–23 WORTH grantee year 1 reporting data.

Notes: The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas. Blank cells mean collaboratives did not report any preserved homeowners but can in future cycles.

Of the seven collaboratives, five focused on preserving homeownership. In all five collaboratives, the number of preserved homeowners in the second year exceeded that of the first year. Philadelphia, New York City, and Houston all at least doubled the number of preserved homeowners in the second year compared with the first year.

Moreover, the change in the pace of preserved homeowners significantly exceeded that of new homeowners. For example, in New York City, the number of preserved homeowners of color in the second year increased 163 percent compared with the first year. Meanwhile, the pace of new homeowners in the second year was only 3 percent higher than in the first year. Similarly, the number of preserved homeowners of color across Houston in the second year was 152 percent of its level in the first year. In Houston, the number of new homeowners of color increased 15 percent between the first and second years.

By race and ethnicity, the number of preserved homeowners in year 2 was more than double its level in year 1 (table 7). The strong increase in preserved homeowners by race and ethnicity occurred in each racial and ethnic group. Only the broad group of other people of color recorded a stronger year-over-year growth in the number of new homeowners compared with the number of preserved homeowners.

TABLE 7

Preserved and New Homeowners, by Race and Ethnicity and WORTH Program Year

		Asian	Black	Hispanic	Native American	Other	Total
Year 1	New	166	1,726	1,197	325	33	3,447
	Preserved	14	248	253	19	17	551
Year 2	New	213	2,260	1,573	333	94	4,473
	Preserved	123	548	513	63	44	1,291
Total	New	379	3,986	2,770	658	127	7,920
	Preserved	137	796	766	82	61	1,842

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data and 2022–23 WORTH grantee year 1 reporting data.

Notes: Native American encompasses all people who identify as American Indian, Alaskan Native, Native Hawaiian, or Pacific Islander. “Other” includes homeowners of two or more races.

Based on the increased interest across the WORTH initiative to expand preservation activity, Urban refined its definition for preserved homeowners of color, particularly to clarify home repairs as a preservation strategy.

Preservation programs include one or more of the following: tangled title resolutions, critical home repairs, or foreclosure prevention. Homeowners receiving assistance for repairs (1) addressed whether the home lacked basic services or had an unsound structure or (2) maintained existing habitability to resolve life-threatening risks. We could not count small-scale improvements, such as weatherization or remodeling, for the WORTH evaluation.

Foreclosure prevention and home repair and rehabilitation were critical to the number of preserved homeowners of color. In year 2, there were 1,052 foreclosures prevented and home repairs or rehabilitations combined (table 8), or 93 percent more than the 544 reported in year 1.

TABLE 8

Preserved Homeowners, by Strategy, Collaborative, and WORTH Program Year

Year 1

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Foreclosure prevention	-	29	-	156	-	-	2	187
Home repair, reconstruction, or rehabilitation	103	34	-	-	-	-	220	357
Title transfer or resolution	-	-	-	-	21	-	-	21
Total	103	63	-	156	21	-	222	565

Year 2

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Foreclosure prevention	-	89	-	410	-	-	209	708
Home repair, reconstruction, or rehabilitation	123	70	5 ^a	-	-	-	151	344
Title transfer or resolution	-	-	-	-	228	-	-	228
Homebuyer counseling (for foreclosure)	16 ^b	-	-	-	-	-	-	16
Total	139	159	5 ^a	410	228	-	360	1,296

Total

	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
Foreclosure prevention	-	118	-	566	-	-	211	895
Home repair, reconstruction, or rehabilitation	226	104	5 ^a	-	-	-	371	701
Title transfer or resolution	-	-	-	-	249	-	-	249
Homebuyer counseling	16	-	-	-	-	-	-	16
Total	242	222	5 ^a	566	249	-	582	1,861

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data and 2022–23 WORTH grantee year 1 reporting data.

Notes: The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas. Blank cells mean a collaborative has not submitted data for this strategy but can in future cycles.

^a For Milwaukee, the race and ethnicity information for homeowners who received reconstruction was not available. Therefore the 5 individuals are not added to the preserved homeowner numbers in tables 1 through 3, 6 through 7, and 9.

^b Atlanta provided counseling data, but it does not include information on whether the individual became a homeowner and thus it is not included in new numbers for homeowners of color.

Houston, New York City, and the rural and tribal collaboratives reported preserved homeowners of color attributable to foreclosure prevention in both the first and second years. The number of preserved homeowners of color attributable to foreclosure prevention rose 272 percent, from 187 in the first year to 695 in the second year. The strong increase in reporting occurred in all three collaboratives, led by rural and tribal, Houston, and New York City. Each of these collaboratives saw an increase in the foreclosure prevention in the second year of the initiative that was more than double the pace in the first year.

Overall, home repair and rehabilitation followed foreclosure prevention in magnitude of contribution to the total number of preserved homeowners of color. Over the two years, there were 701 home repairs and rehabilitation projects. The pace of these projects was largely flat over the two years. In the first year, there were 357 home repairs or rehabilitations, and in the second year, there were 344.

On one hand, the number of collaboratives reporting preserved homeowners of color attributable to home repairs or rehabilitations expanded from three collaboratives in the first year to four collaboratives in the second year. Milwaukee added an additional five preserved homeowners in the second year while not registering any in the first year. Atlanta and Houston experienced more home repairs and rehabilitations in the first year compared with the second year, while the number of home repairs and rehabilitations across the rural and tribal collaborative slowed somewhat in the second year.

More Than One Strategy

Helping create or preserve homeowners of color might require more than one strategy to address the complex cumulative challenges people of color face. For example, a combination of homebuyer counseling and down payment assistance might be needed to create new homeowners.

Over the first two years of the WORTH initiative, 7,350 people of color who achieved or preserved homeownership did so using one strategy (table 9). In contrast, 2,337 people of color used two or more strategies, or 24 percent of new or preserved homeowners of color.

TABLE 9

Number of Homeowners Created and Preserved, by Number of Strategies Used, by Collaborative and WORTH Program Year

Year 1

Strategies	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
1	340	988	300	289	286	268	751	3,225
2	0	94	0	0	455	195	7	751
3	0	0	0	0	0	0	12	12
4	0	0	0	0	0	0	10	10

Year 2

Strategies	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
1	524	1,073	231	547	384	149	1,133	4,125
2	0	246	345	0	864	103	28	1,586
3	0	10	0	0	0	0	18	28
4	0	0	0	0	0	0	25	25

Total

Strategies	ATL	HOU	MIL	NYC	PHI	RIC	R/T	Total
1	864	2,061	531	836	670	417	1,884	7,350
2	0	340	345	0	1,319	298	35	2,337
3	0	10	0	0	0	0	30	40
4	0	0	0	0	0	0	35	35

Source: Urban Institute analysis of 2023–24 WORTH grantee year 2 reporting data.

Note: The abbreviated column headers are as follows: Atlanta, Houston, Milwaukee, New York City, Philadelphia, Richmond, and rural and tribal areas.

As evidence of improved cross-organizational referral systems and data sharing, the number of new or preserved homeowners of color using multiple strategies increased in year 2. In the second year, 1,639 new or preserved homeowners of color used more than one strategy, or 112 percent greater than the 773 using multiple strategies in the first year. In concert with this strong growth, the share of all new or preserved homeowners of color benefiting from multiple strategies reached 30 percent in the second year, compared with 21 percent in the first year.

Still, most new or preserved homeowners of color used one strategy. And this breakdown is consistent across most collaboratives. But Philadelphia has more new or preserved homeowners of color using multiple strategies compared with those using only one strategy. And the gap between the two expanded in the second year. The number of new or preserved homeowners of color in Philadelphia using one strategy increased 34 percent, from 286 to 384. But the number using two or more strategies rose 90 percent, from 455 to 864.

In year 1, only the rural and tribal collaborative reported new or preserved homeowners of color who used three or more strategies. In year 2, both Houston and the rural and tribal collaborative reported new or preserved homeowners of color using up to three strategies. The rural and tribal collaborative was the only one to report new or preserved homeowners of color using four strategies.

Looking Forward

Overall, the accelerated pace of new or preserved homeowners of color from the first year of the WORTH initiative to the second year was a positive development. Absent a surprise and adverse shock, activity should continue to improve in the coming year as well.

Market conditions appear to be improving homebuying affordability. At its September meeting, the Federal Reserve's Federal Open Market Committee (FOMC) reduced its key policy rate by 50 basis points to a range of 4.75 to 5.00 percent.²⁷ Despite home prices remaining high, this step has likely improved homebuying affordability.²⁸ But given the structure of mortgage rates and the dynamics they reflect, the decline in mortgage rates has been modest since the FOMC's decision.²⁹

Collaboratives continue to support tools to create or preserve homeowners of color with marketing, homeowner trainings, and outreach strategies, and four collaboratives documented quantifiable results on their events, training, outreach, or education. Atlanta provided education to more than 300 people in year 2, comparable with its level in year 1. Houston recorded strong growth in the number of events and outreach in the second year compared with the first year. In the second year, both Richmond and New York City trained more people on the steps to purchase a home relative to the first year.

Collaboratives forecasted that they would continue to expand their preservation strategies and thus the number of homeowners they would affect through those channels. For example, collaboratives such as Richmond will begin reporting activity on home repair and rehabilitation. In addition, collaboratives such as Philadelphia will expand the activity in settling tangled titles.

Systems change remains a key area of opportunity. Advocacy is one area where collaboratives seek to alter the process of homebuying or home preservation to better support homeownership outcomes for people of color. For example, advocating for zoning changes could expand the supply of affordable housing. On one hand, systems change through advocacy might not result in countable new or preserved homeowners of color over the WORTH initiative. But it will provide the foundations for supporting long-term and permanent change.

Key Lessons from Year 2

The second year of WORTH implementation saw significant strides as grantees built upon the first year's foundational work, refining and deepening their efforts. Their level of progress reflects the persistence of core challenges in increasing homeownership among people of color and collaboratives' adaptability in addressing these issues.

In the first year, we identified three key areas in which collaboratives were “learning their way forward”:

- building multisector coalitions to address complex problems in their homeownership systems generating inequities,
- deepening trust and communication among members, and
- establishing preliminary monitoring and reporting data capacities.

For the first learning area in year 1, collaboratives focused on breaking down silos and fostering collaboration among partner organizations whose services, when combined and connected, would begin to address multiple points along the homeownership pathway where systemic racism had contributed to the homeownership gap. To that end in the first year, collaboratives focused on providing financial resources (i.e., DPA programs) along with homeowner counseling (places with more natural existing partnerships), and few collaboratives tackled housing supply directly. Additionally, collaboratives acknowledged the need to balance long-term systemic change goals (achieved through advocacy around government and private-sector policy changes at each point in the homeownership pathway) with potential homebuyers' immediate service needs.

Secondly, collaboratives focused their first year on building the foundation for working together: building trust and collaborative infrastructure. In pursuing those goals, collaboratives encountered difficulties hiring staff to meet grant data collection demands and integrating WORTH programming into their daily operations. Significant time and energy were invested in fostering trust among members and understanding the dynamics of working toward shared goals. And yet, collaboratives learned how essential that trust was during the first year for effectively breaking down silos and providing holistic support for homeowners of color.

Collaboratives' final crucial area of learning during the first year centered on the importance and difficulty of building data collection capacity. Their efforts in this area sparked innovation, creating technology databases that tracked homeowners across services. But they had limitations, which

prompted a continued focus on improving data collection methods and leveraging information for strategic decisionmaking. Urban continues to collect and report on data describing outcomes and providing technical assistance to collaboratives.

Collaboratives' learning during the second year built on and deepened their learning within the following three arenas: evolving their strategies to better address the full complex causal pathway leading to homeownership for households of color, expanding and deepening their partnerships with each other through technology, and better documenting their outcomes with advanced monitoring and reporting practices.

Evolving Strategies to Increase Effectiveness

In year 2, collaborative strategies evolved in response to intensifying market pressures. As housing prices continued to climb and potential homebuyers waited for interest rates to stabilize and decrease, collaboratives pivoted to amplify their most effective tools: DPA and homeownership counseling. Collaboratives recognized that these tried-and-true strategies needed to take precedence in a market characterized by reduced affordability and heightened uncertainty.

Collaboratives started their work in year 1 with a focus on DPA and homeownership counseling. In year 2, they learned how to better adapt and knit these services to each other and to their local environments. Down payment assistance is critical in addressing gaps between mortgage-ready homebuyers and rising housing costs across all markets. In the face of external pressures, the amount of DPA is particularly important—if DPA does not increase as home prices increase, mortgage-ready homebuyers are priced out. Collaboratives in year 2 had expanded their DPA programs to fit the needs and opportunities of their local environments. For example, in Philadelphia, a robust ecosystem of DPA service providers allows potential new homeowners to stack or layer DPA to meet their goals. Conversely, areas with less developed DPA landscapes required larger grants to make a meaningful impact with fewer applicants. In year 2, collaboratives also noted that they had channeled more local resources into their homeownership counseling agencies and could thus serve many more potential homeowners. These improvements also came with an upgrade in how counseling agencies acted as crucial central hubs connecting homeowners to whichever collaborative partner or local organization (e.g., affordable home sellers, creditors with special credit products, or DPA providers) could help them overcome the systemic disadvantages they faced.

Collaboratives expanded beyond DPA and counseling in year 2 to focus on supply because, in the words of one focus group participant, “We’ve maximized what down payment assistance and counseling can do without inventory intervention.” The ongoing lack of low-cost housing supply created a major choke point in supporting new homeowners of color across housing markets and drove collaboratives to innovate in this area whether they originally planned to or not. When working on supply, collaboratives continued to experience high housing development costs, a lack of affordable land, a lack of affordable existing starter homes, and low overall inventory for sale compared with demand. As a result, in year 2, collaboratives launched innovative and creative strategies to increase local low-cost supply options. These ranged from partnering with and boosting the capacity of community land trusts and strengthening referral networks among collaborative members and other local developers, to acquiring lots, advocating with affordable housing developers to create homeownership units, partnering to develop units, creating an acquisition fund, and providing predevelopment financing. Outliers included building modular homes and acquiring renter-occupied homes to convert to affordable homeownership opportunities for tenants. In every case, collaboratives’ additional year of experience and focus on the issue enabled them to identify strengths, weaknesses, and opportunities in their markets and align their efforts to make more housing affordable and available for purchase by households of color.

The same challenging policy and market conditions hostile to affordable homebuying and supply threatened existing homeowners, forcing collaboratives to expand their homeownership preservation activities. Rising home prices threatened existing homeowners who struggled with higher property taxes and insurance payments, while others struggled to iron out legal title issues on their homes and avoid scams. Institutional buyers further complicated an already challenging market, exacerbating affordability issues and limiting options for individual homebuyers. In this context, the flexibility of WORTH dollars has proven invaluable, allowing collaboratives to respond effectively to local needs, whether by increasing DPA amounts, enhancing counseling services, or exploring innovative strategies to increase affordable housing supply.

Finally, collaboratives highlighted how their investments in technology in year 2 significantly improved their efficiency across all strategies. Communication channels, information hubs, and data tracking, visualization, and monitoring platforms significantly reduced the amount of time collaboratives spent manually collating, standardizing, and disseminating informally entered data, records, or education and publicity materials.

Expanding and Deepening Partnerships

The second year of the WORTH initiative has highlighted the importance of expanding and deepening partnerships, both internally among collaborative members and externally with a broader array of stakeholders. This evolution reflects significant strides in establishing trust and improving communication structures, which are essential for enhancing the initiative's overall impact.

In year 1, collaboratives faced challenges related to trust, communication, and infrastructure, including hiring difficulties, meeting fatigue, and inadequate data capacity. These issues hindered effective collaboration and engagement among members. But as the initiative progressed into year 2, streamlined meeting structures, improved communication, and enhanced data-sharing and referral systems have better aligned the needs of individual organizations and the collective mission.

Improved internal processes and infrastructure have made collaboratives' work more sustainable and effective. Most collaboratives have adjusted their expectations around meeting cadences, interorganizational support, and information sharing, allowing for a more sustainable approach to collaboration. The development of working group structures has further strengthened interorganizational planning and implementation, leading to the successful launch of new programs, events, and advocacy efforts across various collaboratives. Additionally, many collaboratives have established formal and informal mechanisms for one-on-one support among lead organizations, including regular check-ins and office hours. This has enhanced the active interreliance among members, as they now feel more comfortable seeking advice, sharing referrals, and engaging in peer learning. Most collaboratives have also implemented referral and data-sharing systems that have honed the accessibility and usability of workflows, making collaboration more efficient and effective. The result is a more cohesive and dynamic collaborative network that is better positioned to tackle the complex challenges of promoting homeownership.

As internal trust and collaboration have deepened, most collaboratives have made significant strides in forging new connections and strengthening relationships with external stakeholders. This expansion is critical for broadening the reach and impact of their initiatives.

All collaboratives have nurtured new or existing relationships with stakeholders across the public, nonprofit, and private sectors in year 2. Many collaboratives have established or enhanced relationships with state and local policymakers and program administrators. By fostering understanding and allyship with governmental and quasi-governmental stakeholders, these collaboratives are working to influence policy and programming around homeownership, ensuring their initiatives align with broader community goals. Moreover, collaboratives have nurtured partnerships with a diverse range of

nonprofit and private-sector actors, from grassroots community organizations to institutional investors. These relationships broaden the collaborative networks and amplify the resources and expertise available to support homeownership initiatives. As one member articulated, this sense of unity and shared purpose provides comfort and energizes collaborative efforts in the face of the daunting challenges that often accompany this work.

In summary, the second year of the WORTH initiative has underscored the value of expanding and deepening partnerships. By enhancing internal collaboration and reaching out to new stakeholders, collaboratives are better equipped to increase homeownership among communities of color, creating a more inclusive path to intergenerational wealth building.

Achieving and Documenting Outcomes

In year 2 of the WORTH initiative, collaboratives have made significant strides in tracking and documenting outcomes, showcasing their impact on creating new homeowners of color and preserving homeownership for at-risk households. Key lessons highlight the importance of leveraging data, enhancing collaborative capacity, and fostering a culture of data sharing.

Data have emerged as a powerful tool for increasing support from partners and bolstering advocacy efforts. By transforming complex data into compelling narratives, collaboratives have enhanced understanding and buy-in among residents and policymakers. For instance, one collaborative that focused on converting vacant lots into new homes discovered that sharing specific data about the 450 vacant lots in their neighborhood dramatically shifted local conversations. Residents who previously recognized the existence of these lots were more engaged and supportive when presented with concrete numbers, illustrating the program's potential impact. Visual presentations of data have also proven effective in clarifying its significance to potential partners and government officials. Both New York City and Milwaukee used maps of zip codes where homeowners of color are underrepresented. The New York City collaborative's Salesforce platform supports internal data sharing and enhances comprehensive analysis capacity. With different automated report formats, staff members can more easily pull synthesized data. Additionally, the New York City team has found that graphical representations are crucial for discussions at both advocacy and operational levels, and they have worked to create more complex Tableau visualizations. Data accessibility and clarity foster a stronger case for collaboration and investment and are transforming conversations with residents, funders, and policymakers.

Over the past year, the capacity for data collection and reporting among member organizations has significantly improved. In year 2, collaboratives are increasingly comfortable with reporting, and lead organizations are more adept at supporting their partners. One participant remarked, “The more times you do something, the easier it gets.” This growth in internal data capabilities has empowered organizations to become less reliant on external partners, facilitating better tracking of activities and outcomes. But another focus group participant highlighted the difficulty of establishing a culture of data sharing, noting that it represents an additional layer of relationship building that requires ongoing effort. Most collaboratives have developed systems to generate unique identifiers, enabling them to track potential homebuyers’ touchpoints across multiple partners effectively. This capability allows for private reporting across various stakeholders, including the Urban Institute. But a few collaboratives still face challenges implementing these tracking systems, highlighting the need for ongoing support and innovation. Despite these challenges, the WORTH initiative has encouraged collaboratives to break down silos and develop a shared understanding of data tracking mechanisms. Collaboratives have committed to collective data strategies, with one stating, “We wouldn’t have gotten that done without the involvement from WORTH to build that internal system.” This collaborative approach has set a foundation for more effective data practices.

The impacts of data sharing extend beyond the WORTH initiative, potentially supporting communication and delivery across various service sectors. Participants noted that although reporting is a requirement, it represents an opportunity to engage in meaningful discussions about future collaborative reporting. One member emphasized, “Now we’re starting to have some discussions about how we can report together, so we show the impact we’re having across [our market].” This forward-thinking mindset positions collaboratives to maintain momentum even after the initiative concludes.

In summary, year 2 has highlighted the critical role of data in advocacy and collaboration beyond the WORTH initiative. Collaboratives have demonstrated that with enhanced data collection and a commitment to shared reporting, they can better serve potential homeowners of color, laying the groundwork for sustained efforts in the future.

Recommendations to Accelerate Progress

The year 1 recommendations from the Urban evaluation team about how to boost progress toward WORTH goals have been pursued, with increased technical assistance and peer learning and a growing focus on increasing supply as a WORTH-supported strategy. To continue to pursue the initiative's ambitious goals during the next year of implementation, we recommend stabilizing program structure and supports and clarifying and supporting program goals.

Stabilizing WORTH Program Goals and Structure

Now in its third year, WORTH program administration, management, and evaluation processes should be hitting their stride. Providing ongoing stability for program management, learning, and measurement is key to supporting success. This requires clear leadership and communication from WFF and collaborative lead organizations, as well as effective supports and communication from the Urban team. Although a challenge earlier in implementation, key staff members should be in place now for the duration of the performance period and have the supports they need to effectively manage their roles and responsibilities.

WFF can ensure smoother implementation in year 3 by doing the following:

- **Communicating clear grant participation and milestone requirements**, as well as deliverable standards and timelines for both grant reporting and evaluation activities. This may include making expected annual targets clear for grant spending and outcomes, as well as differentiating grant reporting from outcomes evaluation.
- **Avoiding additional restructuring of program goals and measurement** to ensure greater accuracy on evaluating progress, outcomes, and impact across collaboratives and of the initiative.
- **Initiating and prioritizing program activities that support direct implementation**, allowing collaboratives the most time to learn from their own members and peers, and enhancing evaluation activities. Minimizing burdens and maximizing gains for collaborative lead organizations and members is key.

- **Avoiding scheduling conflicts with carefully timed evaluation activities.** Some year 2 data collection activities had to be canceled and rescheduled because of competing local events that collaborative members were invited to by Wells Fargo corporate representatives.

Ways the Urban team can boost progress include the following:

- **Continuing to ramp up peer learning.** With two sessions completed in year 2, and quarterly sessions planned for year 3, collaboratives benefit from sharing information about challenges and successes and seeing one another as resources.
- **Strengthening technical assistance on evaluation outcomes measurement.** This includes standardized communication and training across collaborative data leads, as well as regular check-ins before and after data reporting to address questions and validate data.

Additional Commitments Collaboratives Say Would Boost Progress and Reach More Homeowners

In year 1, collaboratives suggested that stronger commitments from key stakeholders in the housing ecosystem could help them accelerate their work in supporting new and existing homeowners of color. They stated how government could provide more even, widespread, integrated, and funded commitments to advancing homeownership in communities of color. Financial institutions could shift day-to-day investment patterns, and philanthropies could align their grantmaking and endowments with housing priorities. Local employers and housing industry groups could also engage with collaboratives more directly to identify or create programs to support homeownership for local employees.

Collaboratives did report some year 2 successes in advocating for and securing additional government funding for homeownership programs but continued to face struggles in getting additional commitments from other stakeholders. Looking ahead to year 3, collaboratives continue to seek greater policy and funding support and look for new ways to finance homeownership, an increasingly expensive proposition. The first set of commitments most collaboratives discussed were for policymakers and funders to be more accountable for prioritizing and investing in homeowners of color. Desired supports included stronger mayoral and county advocacy as well as funding for WORTH-supported priorities and strategies. A couple of collaboratives also shared the need for decisive and coordinated legislative action around pain points to supporting new and existing homeowners, such as better resources for ITIN borrowers and coordinated leadership around reining in increasing property insurance costs. More

specific requests included simplifying homeownership program applications and eligibility requirements that make households earning lower incomes jump through time-consuming hoops and blocking institutional investors from quickly buying up entry-level homes before home purchasers have a chance. Several collaboratives also discussed the need to counter the legal blow to affirmative action with revised commitments that further similar goals.

We did a lot of fundraising that was very intentional for Black and brown communities, BIPOC communities, and that has all dried up.... Getting funders to be comfortable with being intentional again is a learning curve.

– Focus group participant

Collaboratives are also looking for new pathways to finance homeownership. Noting that capital is scarce, some described the need for new sources of long-term impact investing capital in the form of alternative mortgage products and portfolio loan purchases from financial institutions. Others mentioned the need for other major banks and philanthropies to replicate the WORTH program commitment. A couple suggested leveraging the Community Reinvestment Act in new ways, including making more of these investments in community development financial institutions to go toward mortgage loan originations, noting that this type of broad investing could also reduce litigation risk associated with the affirmative action ruling. Collaboratives were also exploring innovative financing strategies, from tax increment financing to Low Income Housing Tax Credit rental unit conversion to affordable homeownership. As one collaborative noted, to leverage these new pathways might require expanding impact investing (i.e., investing without expecting a market-rate return but including an “impact return” beyond dollars).

Looking Ahead to Year 3

The number of new or preserved homeowners of color increased from year 1 and year 2, despite continued challenges in broader housing market conditions. This growth partly reflected shifting focus among collaboratives toward preservation strategies in response to significantly reduced homebuyer affordability. It also reflected improved functionality within collaboratives and finalizing reworked agreements with WFF.

Looking forward, market conditions point to continued challenges with homebuying affordability. Mortgage rates remain elevated and, combined with home prices and a lack of supply, continue to restrict home purchases. In addition, homeowner's insurance costs might come under renewed pressure because of the wildfires in California.

Federal policy has the potential to affect housing as well. For example, the Federal Reserve recently issued interest rate projections that indicate fewer rate cuts in 2025 than previously communicated.³⁰ Some analysts are asking whether the Federal Reserve will raise rates this year.³¹

The new administration might release the government-sponsored enterprises, Fannie Mae and Freddie Mac, from conservatorship, which could affect mortgage accessibility and pricing.³² In addition, addressing provisions under the Tax Cuts and Jobs Act of 2017 could stoke inflation and affect the tax benefits associated with homeownership. At the same time, policies targeting immigrant communities might have implications for labor supply, a key challenge homebuyers faced regarding homebuilders.³³ Also, the regulatory environment might moderate, potentially affecting housing production.

Combined with state and local policies each collaborative faced individually, the combined impact of the policy environment on homeownership remains uncertain. But market conditions remain a challenge, limiting homebuying affordability. Collaboratives, though, have demonstrated resiliency through these challenging times, finding ways to serve new and current homeowners of color within the WORTH initiative. Additionally, WORTH's investments in collaborative capacity and civic infrastructure, which might not yield as high of numerical outputs in challenging markets, have historically proven crucial for efficient recovery and faster response when markets improve and funding opportunities arise (Scally et al. 2020). And in the coming year, Urban will continue to support initiatives' data tracking and look for conversations about sustaining performance and momentum as the launch of the initiative fades further into the rearview mirror and the end of the initiative approaches.

Appendix. Sensitivity of Data to Start Date

One parameter in our data calculations is that we count people of color that entered the program on or after April 1, 2022. Persons served or participating in activities within the evaluation period are still excluded if they entered the overall system before that date. This date is when we assume WFF sent the first payments to collaboratives. But some collaboratives have shared outcomes for people of color that entered strategies before this date. If those entering strategies before April 1, 2022, and if those who either achieved or preserved homeownership were included, the activity counts would be higher.

Urban's calculations are the activity counts of record. The steps taken to count new or preserved homeowners of color across each collaborative apply the principles consistent with standard evaluation. But the numbers reported in the report do not reflect performance. To reflect performance, we would also report those who entered the program before April 1, 2022, but were still in the program on or after that date. The principles applied here are applied consistently across collaboratives to ultimately understand the impact of the WORTH initiative.

TABLE A.1

Examples of Start Date Sensitivity on Reporting from Milwaukee, New York City, and Rural and Tribal Collaboratives

Milwaukee: Cumulative data

	Application Date		
	Filter: April 2022 through June 2024	No filter through June 2024	Total: Including homeowners before April 1, 2022
Asian	84	3	87
Black	450	81	531
Latino	313	26	349
Native American	1	0	1
Other	28	0	28
Total	876	120	996

New York: Cumulative data

	Application Date		
	Filter: April 2022 through June 2024	No filter through June 2024	Total: Including homeowners before April 1, 2022
Asian	157	917	1,074
Black	412	784	1,196
Latino	217	493	710
Native American	7	24	31
Other	43	197	240
Total	836	2,415	3,251

Notes: Native American encompasses all people who identify as American Indian, Alaskan Native, Native Hawaiian, or Pacific Islander. The rural and tribal collaborative also submitted three homeowners with program start dates before April 1, 2022.

Notes

- ¹ “Racial Differences in Economic Security: Housing,” US Department of the Treasury blog, November 4, 2022, <https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-housing>.
- ² “Economic Well-Being of U.S. Households in 2023,” Board of Governors of the Federal Reserve System, last updated May 29, 2024, <https://www.federalreserve.gov/publications/2024-economic-well-being-of-us-households-in-2023-housing.htm>. We use “Black” to describe people of African descent because it represents current best practices from the literature for inclusivity, but we acknowledge that this term has limitations, as does “white.” Because “Hispanic” is commonly used in census and lending data, this report uses the term to describe Latino/a people. The authors acknowledge this might not be the preferred identifier, as it excludes people who do not trace their ancestry to Spain. We remain committed to employing inclusive language whenever possible.
- ³ “Racial Differences in Economic Security: Housing,” US Department of the Treasury.
- ⁴ “Economic Well-Being of U.S. Households in 2023,” Board of Governors of the Federal Reserve System. We use “Black” to describe people of African descent because it represents current best practices from the literature for inclusivity, but we acknowledge that this term has limitations, as does “white.” Because “Hispanic” is commonly used in census and lending data, this report uses the term to describe Latino/a people. The authors acknowledge this might not be the preferred identifier, as it excludes people who do not trace their ancestry to Spain. We remain committed to employing inclusive language whenever possible.
- ⁵ We use this term to encompass all people who identify as American Indian, Alaskan Native, Native Hawaiian, or Pacific Islander.
- ⁶ The rural and tribal collaborative is the only one not contiguous with a city boundary. This large market area includes counties in diverse rural regions, such as Appalachia, the Mississippi Delta, the US–Mexico border region, and areas home to established Native communities. For a more thorough description and analysis of each WORTH market, see Neal et al. (2023).
- ⁷ The results from the San Diego focus group are not part of this report. The San Diego collaborative paused its WORTH activities this past year, and its data are not included in this year’s implementation report as a result.
- ⁸ Lisa McKay, “How the Racial Wealth Gap Has Evolved and Why It Persists,” Federal Reserve Bank of Minneapolis, October 3, 2022, <https://www.minneapolisfed.org/article/2022/how-the-racial-wealth-gap-has-evolved-and-why-it-persists>.
- ⁹ Michael Neal and Peter J. Mattingly, “Increasing Diversity in the Appraisal Profession Combined with Short-Term Solutions Can Help Address Valuation Bias for Homeowners of Color,” *Urban Wire* (blog), Urban Institute, July 1, 2021, <https://www.urban.org/urban-wire/increasing-diversity-appraisal-profession-combined-short-term-solutions-can-help-address-valuation-bias-homeowners-color>.
- ¹⁰ Thea Garon, “Young Adults’ Credit Trajectories Vary Widely by Race and Ethnicity,” *Urban Wire* (blog), Urban Institute, August 22, 2022, <https://www.urban.org/urban-wire/young-adults-credit-trajectories-vary-widely-race-and-ethnicity>.
- ¹¹ Liam Reynolds, Vanessa G. Perry, and Jung Hyun Choi, “Closing the Homeownership Gap Will Require Rooting Systemic Racism Out of Mortgage Underwriting,” *Urban Wire* (blog), Urban Institute, October 13, 2021, <https://www.urban.org/urban-wire/closing-homeownership-gap-will-require-rooting-systemic-racism-out-mortgage-underwriting>.

- ¹² See also Caitlin Young, “What Policymakers Need to Know about Racism in the Property Tax System,” *Housing Matters*, March 15, 2023, <https://housingmatters.urban.org/articles/what-policymakers-need-know-about-racism-property-tax-system>.
- ¹³ See the website for the SaveYourHomePhilly hotline at <https://saveyourhomephilly.org/>.
- ¹⁴ Aaron Moselle, “Affordable Housing Program in Philly Makes Ownership More Than a Pipe Dream for Some,” *WHYY*, July 5, 2022, <https://whyy.org/articles/philly-affordable-workforce-housing-turn-the-key-municipal-workers/>.
- ¹⁵ The collaboratives’ web platforms can be found at the following addresses:
Atlanta: <https://thehubga.org/>.
Houston: <https://www.ownthehou.org/>.
Philadelphia: <https://www.philly5000.org/>.
Milwaukee: <https://www.housingplan.org/>.
New York City: <https://nyc-worth.org/>.
Richmond: <https://worthrva.com/>.
- ¹⁶ “About,” *Acts Housing*, accessed January 17, 2025, <https://actshousing.org/about/>.
- ¹⁷ See the website for DreamBuild at <https://dreambuild.org/>.
- ¹⁸ Manual underwriting is more time consuming and requires more documentation, but it can be a better option for those with unique financial profiles. See Victoria Araj, “What Is Manual Underwriting and How Does It Work?” *Rocket Mortgage*, January 23, 2024, <https://www.rocketmortgage.com/learn/what-is-manual-underwriting-and-how-does-it-work>.
- ¹⁹ “Sustaining Homeownership,” *Urban Institute*, accessed January 17, 2025, <https://www.urban.org/projects/sustaining-homeownership>.
- ²⁰ Cassie Sheets, “Report: Home Insurance Rates to Rise 6% in 2024 after 20% Increase in Last Two Years,” *Insurify*, accessed January 17, 2025, <https://insurify.com/homeowners-insurance/report/home-insurance-price-projections/>.
- ²¹ Sheets, “Report: Home Insurance Rates to Rise 6% in 2024.”
- ²² Akilah Johnson, “Racism Was Called a Health Threat. Then Came the DEI Backlash,” *Washington Post*, October 11, 2024, <https://www.washingtonpost.com/health/2024/10/11/dei-researchers-universities-attacked/>.
- ²³ Joseph Dean, “The Racial Wealth Divide and Black Homeownership: New Data Show Small Gains, Deep Fragility,” *National Community Reinvestment Coalition*, February 28, 2024, <https://ncrc.org/the-racial-wealth-divide-and-black-homeownership-new-data-show-small-gains-deep-fragility/>.
- ²⁴ Hanna Chugg, “The Homeownership Gap between Black and White Families in the United States,” *Ballard Brief*, accessed January 17, 2025, <https://ballardbrief.byu.edu/issue-briefs/the-homeownership-gap-between-black-and-white-families-in-the-united-states>.
- ²⁵ “Individual Taxpayer Identification Number (ITIN),” *Internal Revenue Service*, last updated January 29, 2025, <https://www.irs.gov/tin/itin/individual-taxpayer-identification-number-itin>.
- ²⁶ Rahkim Sabree, “Financial Trauma Is Real: Why Black People Should Consider Financial Therapy,” *Forbes*, April 1, 2023, <https://www.forbes.com/sites/rahkimsabree/2023/04/01/financial-trauma-is-real-why-black-people-should-consider-financial-therapy/>.
- ²⁷ Board of Governors of the Federal Reserve System, “Federal Reserve Issues FOMC Statement,” *press release*, September 18, 2024, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20240918a.htm>.

- ²⁸ “Housing Finance at a Glance: A Monthly Chartbook,” Urban Institute, accessed January 16, 2025, <https://www.urban.org/tags/housing-finance-glance-monthly-chartbook>.
- ²⁹ “Housing Finance at a Glance: A Monthly Chartbook,” Urban Institute.
- ³⁰ December 18, 2024: FOMC Projections materials, accessible version.
- ³¹ Sarah Hansen, “Will the Fed Raise Interest Rates in 2025?” Morningstar, January 3, 2025, <https://www.morningstar.com/markets/will-fed-raise-interest-rates-2025>.
- ³² “Recapitalizing the GSEs through Administrative Action: Economics and Budgetary Implications,” Urban Institute, accessed January 17, 2025, <https://www.urban.org/events/recapitalizing-gses-through-administrative-action-economics-and-budgetary-implications>.
- ³³ Ashok Chaluvadi, “Builders’ Top Challenges for 2024,” National Association of Home Builders, January 24, 2024, <https://eyeonhousing.org/2024/01/builders-top-challenges-for-2024/>.

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