



NFHA

**CAN WE FINALLY CLOSE RACIAL
HOMEOWNERSHIP GAPS?
JCHS**

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Overview:

I. Background & History

II. Keys Unlock Dreams

III. Special Purpose Credit Programs

I. Background & History



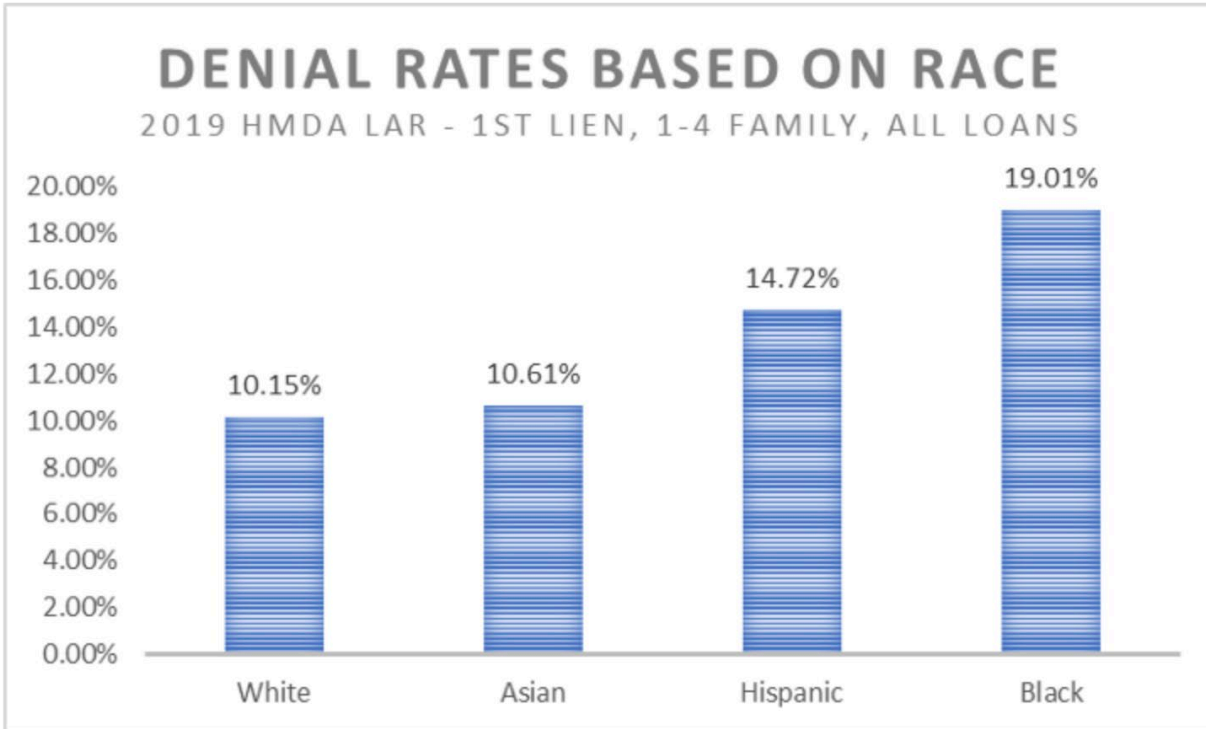
The Black Homeownership Rate in America today is at the same rate as when **redlining** was legal.

Our Nation is more segregated today than we were 100 years ago.

HOMEOWNERSHIP RATES for People of Color are **far below** that of Whites (**74%**)

- Latinos (**48%**)
- Native American (**48%**)
- Asian/Pacific Islander (**56%**)
- Black (**44%**)

U.S. Financial and Housing Markets are Structurally Unfair



Because the U.S. lending and housing markets are so exclusionary, a **disproportionate** percentage of Black, Latino, and Native American borrowers are turned down for mortgage credit each year.

NFHA’s analysis of 2019 HMDA data reveals that Black applicants are denied for mortgage loans at **almost twice the rate of White applicants**. Latino consumers are denied at almost 1.5 times the rate of White applicants.

These trends have persisted over decades.

II. Keys Unlock Dreams

INITIATIVE GOALS

1

Remove structural barriers that perpetuate racial inequity

2

Expand affordable and fair housing options

3

Prevent an unbalanced recovery from the COVID-19 pandemic

4

Empower consumers and stakeholders with critical information and resources

5

Help close the racial wealth and homeownership gaps

INITIATIVE COMPONENTS

1

Research

2

**Advocacy
&
Policy**

3

**Products
&
Programs**

4

**Education
&
Outreach**

5

Partnerships

KEYS UNLOCK DREAMS

Focus Cities

YEAR 1	YEAR 2	YEAR 3
Columbus, OH	Atlanta, GA	Oakland, CA
Detroit, MI	Baltimore, MD	Philadelphia, PA
Memphis, TN	Houston, TX	Washington, DC
	New Orleans, LA	

3,000,000

**NET NEW
BLACK HOMEOWNERS BY 2030**

**In partnership with the Black
Homeownership Collaborative**

2Mn5

**2 MILLION NEW
BLACK HOMEOWNERS in FIVE YEARS**

**In partnership with the National Association of
Real Estate Brokers (NAREB)**

50%

**LATINO HOMEOWNERSHIP
RATE BY 2024**

**In partnership with the National Association of
Hispanic Real Estate Professionals (NAHREP)**

INITIATIVE LEADS



INITIATIVE PARTNERS



Nationwide



III. Introducing: Special Purpose Credit Programs

We have a unique opportunity to correct the homeownership disparities using one of our nation's most promising civil rights laws – **the Equal Credit Opportunity Act (ECOA)**.

The statute allows institutions to develop **Special Purpose Credit Programs (SPCPs)**, which provide a tailored way to meet special social needs and benefit economically disadvantaged groups, including groups that share a common characteristic such as race, national origin, or gender.

Properly designed, **SPCPs** can play a critical role in promoting equity and inclusion, building wealth, and removing stubborn barriers that have contributed to financial inequities, housing instability, and residential segregation.

SPCPs are also consistent with and provide a targeted and effective way to further the purposes of other civil rights laws, including the Fair Housing Act's twin goals of overcoming discrimination and segregation.

Lenders Can Use Special Purpose Credit Programs to Expand Opportunity

The **Equal Credit Opportunity Act (ECOA)** allows both non-profit and for-profit organizations to utilize SPCPs to meet borrowers' unique credit needs that meet qualifications to include:

1. The program is established and administered pursuant to a written plan that identifies the class of persons that the program is designed to benefit and sets forth the procedures and standards for extending credit pursuant to the program; and
2. The program is established and administered to extend credit to a class of persons who, under the organization's customary standards of creditworthiness, probably would not receive such credit or would receive it on less favorable terms than are ordinarily available to other applicants applying to the organization for a similar type and amount of credit.

Introduction: SPCPs

SPCPs are essential to help further our nation's commitment to fair housing/lending and justice:

- Fight to end discrimination and segregation.
- Dismantle racial wealth and homeownership gaps.
- Ensure fair, open housing for ALL people

They are a great way for **lenders to display their commitment** to dismantling unfair systems and building programs and structures for advancing justice, fairness, and equality.

They are a way for **the financial services industry to step up** and be a part of a long-needed solution to our nation's history of structural racism and systemic bias.



The Civil Rights Act of 1866, the Fair Housing Act of 1968, the Equal Credit Opportunity Act of 1974, the Community Reinvestment Act of 1977, and other fair housing laws, executive orders, and regulations are all designed to work together to advance equal and fair opportunities.

The Fair Housing Act, a partial catalyst for Special Purpose Credit Programs, was passed just 7 days after the assassination of **Dr. Martin Luther King, Jr.**

President Johnson worked to pass the Civil Rights Act of 1968 to acknowledge the legacy of Dr. King for his valiant efforts to create a just and equitable society, his great sacrifice for this nation, and his vehement commitment to fair and open housing.



We Need Intentionality in our Housing Policies and Programs



Our survival as a society depends on our planned and deliberate efforts to expand opportunities.

Expanding fair access to credit would have added homeownership opportunities for almost 800,000 Black households, **adding \$218 billion in sales to the housing market.**

Providing equal lending opportunities to Black entrepreneurs would have **added \$13 trillion in business revenue** and 6.1 million jobs per year.

Closing these racial gaps today **would add \$5 trillion in GDP** to the U.S. economy over a 5-year period.