



# 2020 Advocacy to Close the Racial Wealth Gap





# Background on NAREB

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The National Association of Real-Estate Brokers (NAREB), is the oldest African-American real estate trade association in the country.

One of NAREB's initiatives, Two Million New Black Homeowners Program (2MN5), is in response to its annual report on the State of Housing In Black America (SHIBA)<sup>®</sup>. Aimed with a short and long-term core objective to eliminate the racial gap and disparity in homeownership in the United States **(47% Black vs. 76% White)**. Advocacy for changing government laws and policies is key to combating the racial disparities in homeownership.



# Why Black homeownership matters

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- Homeownership strengthens families, stabilizes neighborhoods, creates jobs, and is important to the local, state and national economy.
- Over 40% of small businesses start in the home (Bill Gates, Steve Jobs started their businesses at home).
- Black kids of parents that own a home have stronger educational, health and economic outcomes.



# Black Homeownership Trends In Maryland

Maryland Population (source: US Census Bureau ACS Estimate 2018)      Total Population: 6,042,718

Race	# of people	%
White (Non-Hispanic)	3,035,148	50.2%
Black	1,782,090	29.5%
Hispanic	628,435	10.4%
Asian	376,805	6.2%

Source: Prosperity Now

Maryland homeownership rate	
White	76.8%
Black	51.8%
Asian	68.3%
Hispanic	52.9%



# Black Homeownership Trends In Baltimore City, Maryland

Baltimore City (source: US Census Bureau ACS Estimate 2018)

Total Population: 602,495

Race	# of people	%
White (Non-Hispanic)	166,647	27.7%
Black	369,090	61.3%
Hispanic	33,061	5.5%
Asian	15,490	2.6%

Source: Prosperity Now

Baltimore City homeownership rate	
White	60.8%
Black	42.1%
Asian	31.9%
Hispanic	31.3%



# Black Homeownership Trends In Baltimore City, Maryland

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Lending Trends for 2019

Source: Compliance Tech

	Originations		Denials		Applications
	Total #	%	Total Number	%	
<b>White</b>	4,359	64.56%	986	14.60%	7,215
<b>Black</b>	3,104	43.02%	2,188	30.33%	7,348
<b>Hispanic</b>	445	51.33%	199	22.95%	902
<b>Asian</b>	308	54.71%	125	22.20%	579



# Black Homeownership Trends In Montgomery County, Maryland

Montgomery County (source: US Census Bureau ACS Estimate 2018) Total Population: 1,052,567

Race	# of people	%
White (Non-Hispanic)	452,893	43.0%
Black	190,069	18.1%
Hispanic	209,033	19.9%
Asian	152,005	14.4%

Source: Prosperity Now

Montgomery County homeownership rate	
White	75.4%
Black	42.5%
Asian	74.3%
Hispanic	49.1%





# Black Homeownership Trends In Montgomery County, Maryland

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Lending Trends for 2019

Source: Compliance Tech

	Originations		Denials		Applications
	Total #	%	Total Number	%	
<b>White</b>	13,004	66.65%	2,372	12.16%	20,657
<b>Black</b>	3,039	54.45%	1,158	20.75%	5,792
<b>Hispanic</b>	3,338	58.46%	1,113	19.49%	6,051
<b>Asian</b>	4,290	61.16%	1,144	16.31%	7,306



# Black Homeownership Trends In Prince George's County, Maryland

Prince George's County (source: US Census Bureau ACS Estimate 2018)

Race	# of people	%
White (Non-Hispanic)	111,468	12.3%
Black	557,311	61.3%
Hispanic	173,295	19.1%
Asian	36,938	4.1%

Source: Prosperity Now

PG County homeownership rate	
White	76.8%
Black	60.6%
Asian	64.6%
Hispanic	46.7%



# Black Homeownership Trends In Prince George's County, Maryland

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Lending Trends for 2019

Source: Compliance Tech

	Originations		Denials		Applications
	Total #	%	Total Number	%	
<b>White</b>	3,198	57.92%	849	15.38%	5,813
<b>Black</b>	13,163	48.26%	6,748	24.74%	28,062
<b>Hispanic</b>	3,521	55.24%	1,377	21.60%	6,766
<b>Asian</b>	913	54.02%	361	21.36%	1,746



# Communicating Black Homeownership

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- Sustainable and affordable homeownership.
- Protecting the American Dream of Homeownership.
- Growing Black wealth through homeownership.
- Homeownership is the #1 way to create and transfer wealth in the U.S.
- We can not close the racial wealth gap in the U.S. without increasing the rate of Black homeownership.



# Market Opportunities to Grow Black Homeownership

- There are **1.7 Million Black millennials** earning over **\$100,000** per year that are mortgage ready but are renting apartments, low DTI, good credit scores, and solid employment (source: Urban Institute).
- There are 3 Million African-Americans that are mortgage ready with low DTI, good credit scores (source: Freddie Mac).
- **2.1 Million African-American** with thin credit files, no judgements, no charge-offs, just not enough trade lines (source: Freddie Mac).
- Education and marketing campaigns-with a 30% gap in homeownership between Black Americans and White Americans, there is a huge market and economic opportunity for businesses (lenders, contractors, suppliers, etc.).



# Advocacy Strategies

- Engaging Congress on key issues
- 2020 NAREB Policy Agenda
- Training Realtist on civic and community engagement
- Training Realtist Political Liaisons- over 100
- NATPAC1947
- Voter Registration and Education
- Public Awareness Campaign



# Advocacy for increasing Black Homeownership



- Promoting homeownership as a high priority for public policymakers.
- Protecting the 30-year mortgage.
- Preserving QM Patch.
- Expanding Section 184 to include Black people.
- Loan Level Equality: The absence of hereditary or arbitrary class distinctions, biases or privileges in the mortgage origination process.
- American Dream Down Payment Act and NHI Act.
- Opposed to increase in fees by GSEs on refinancing of residential mortgages
- CARES & HEROES Act.
- Opposed elimination AFFH Rule
- Opposed OCC changes to CRA



# Advocacy for increasing Black Homeownership



- Increasing funding for Down Payment Assistance programs in Maryland.
- Reforming credit score criteria for Maryland DPA Programs.
- Creating more Black real estate developers for single family homes.
- Maryland Homeownership advertising campaign (mortgage ready persons).
- Engage corporate and foundation community around DPA.
- Set a statewide goal to increase Black homeownership.
- Increase Lender participation in Maryland homeownership programs
- Remove some of the fees for new home construction.

