

# THE HFA INSTITUTE 2024

## Expanding Your Reach into Communities of Color



National Council of State Housing Agencies



**MRBs and Other Federal Homeownership Programs**  
JANUARY 10 – 12



**Housing Credit**  
JANUARY 9 – 11



**Section 8 and Other Federal Multifamily Programs**  
JANUARY 10 – 12



**HOME and Housing Trust Fund**  
JANUARY 7 – 9



## DISCUSSION LEADER

### **Ellen Martin**

Director of Homeownership | California Housing Finance Agency

## SPEAKERS

### **Valentia Doolin**

Homeownership Director | Oklahoma Housing Finance Agency

### **Simone Griffin Taylor**

Vice President, Affiliate Relations | HomeFree-USA

### **Tony Thompson**

Founder and Chief Executive Officer | National Association of Minority Mortgage Bankers of America

### **Irma Yopez Klassen**

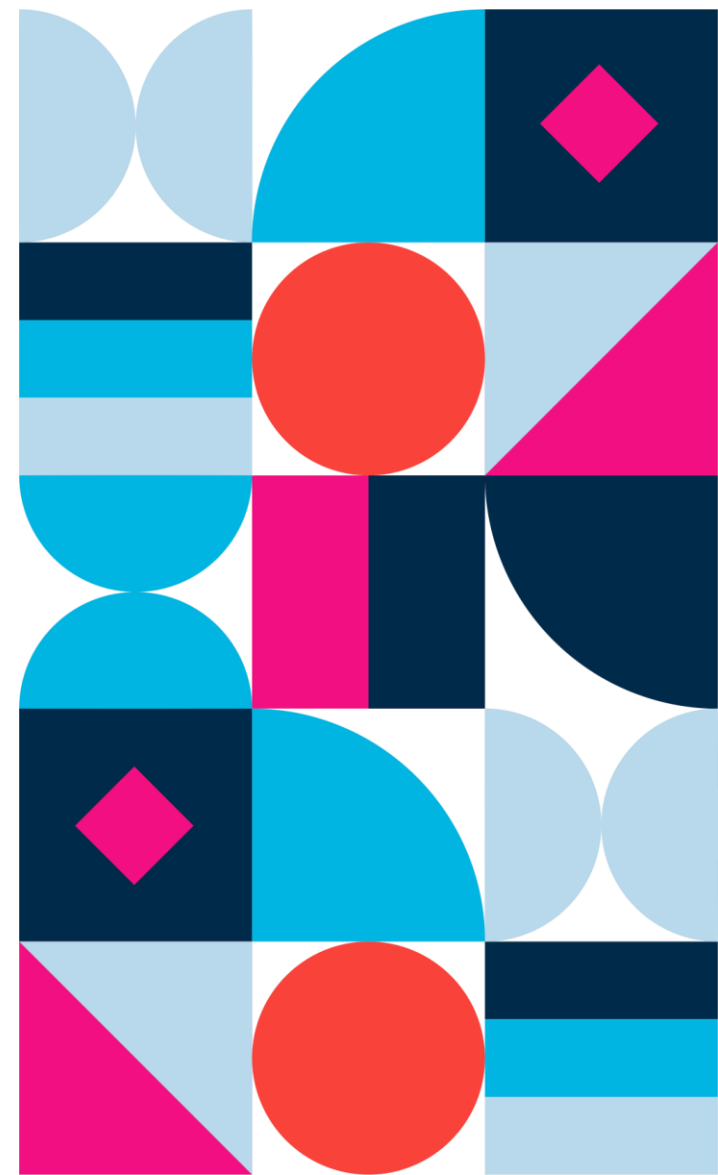
Director, Equitable Homeownership Strategies, Product Development | Mortgage Guaranty Insurance Corporation



# MGIC

## **Expanding Your Reach into Communities of Color**

NCSHA 2024 HFA Institute





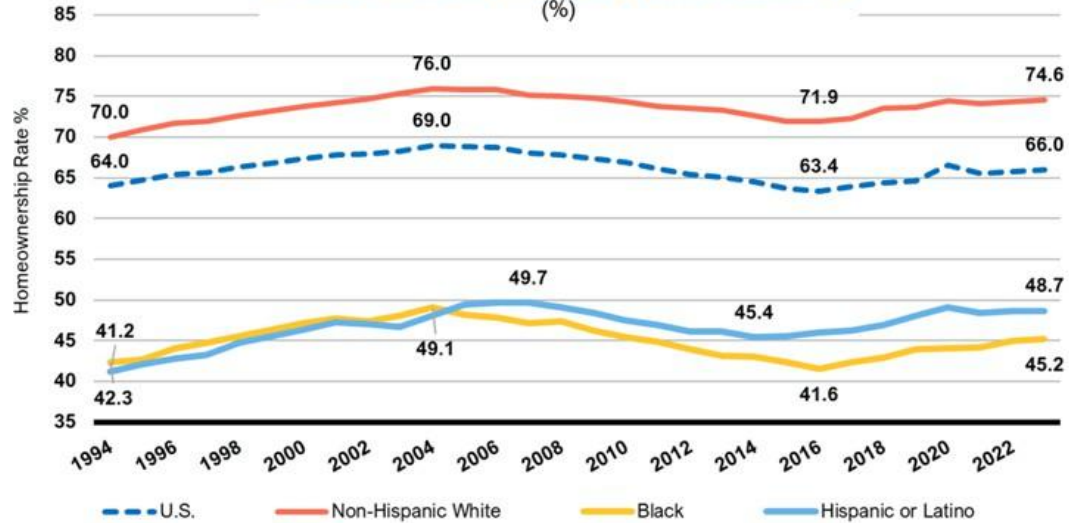
## Disclaimer

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# What is the Challenge we need to address?



Homeownership Rates by Race/Ethnicity (%)



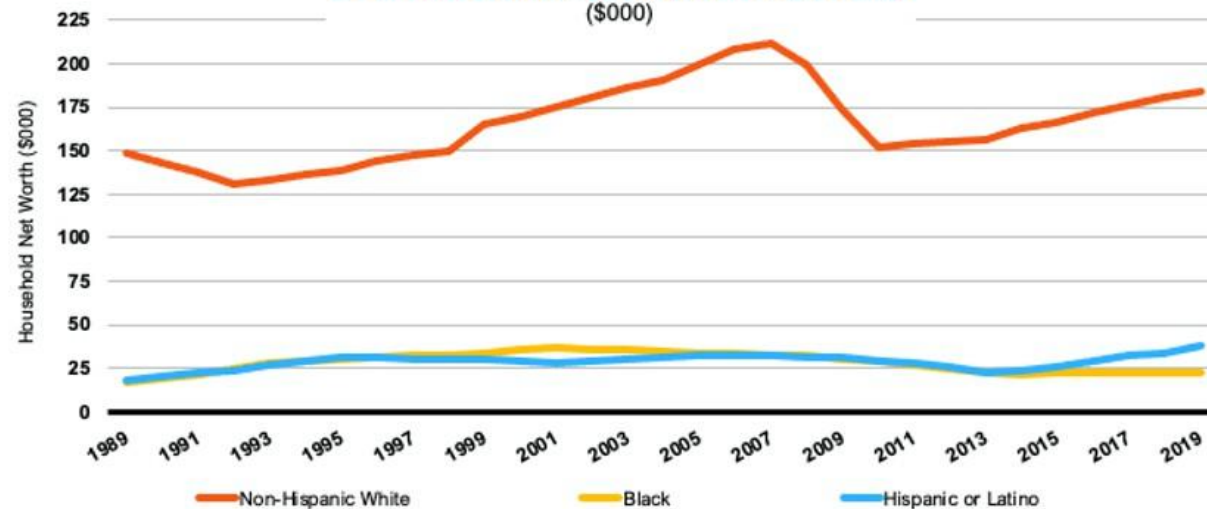
## The nation's homeownership gaps ...

- The Black-to-White disparity is 29.4 percentage points
- The Latino-to-White disparity is 25.9 percentage points

## ... Contribute to its wealth gaps

- White household net worth is \$184,000
- Latino and Black household net worth are \$38,000 and \$23,000 – a disparity of 5x and 8x – respectively

Household Net Worth by Race/Ethnicity (\$000)



# What is the Opportunity before us?



Closing the gaps is good for families, communities and (of course) the mortgage business

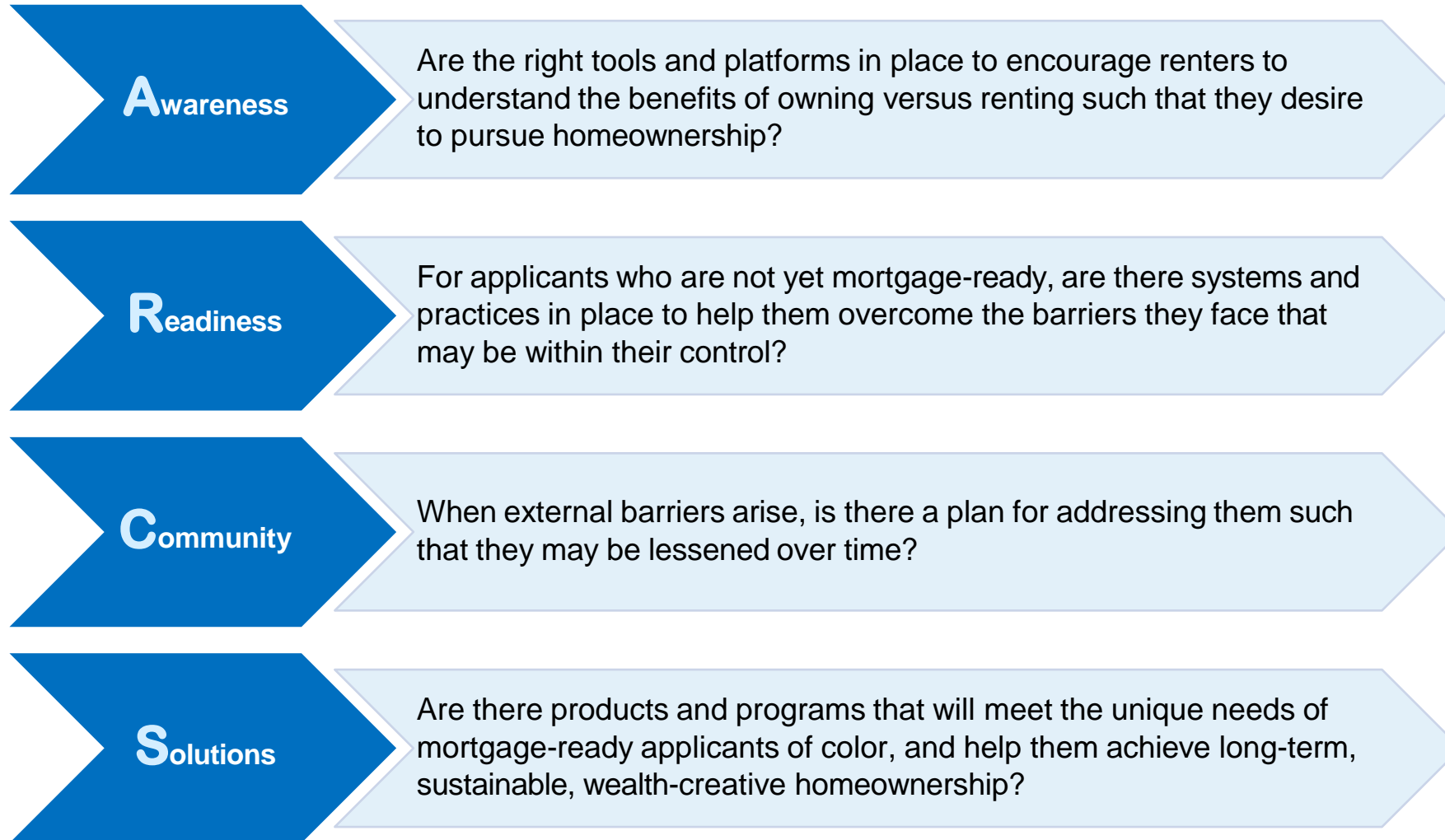
	Households (millions)	Households (% of total)	Homeownership Rate %	Owner- Households (millions)	The Gap (millions of households)	Incremental Origination Opportunity (\$ billions)
White	90.4	68%	74.6%	67.5	-	\$ -
Black	16.0	12%	45.2%	7.2	4.7	\$ 1,788
Latino	17.3	13%	48.7%	8.4	4.5	\$ 1,706
Other	9.3	7%	50.2%	4.7	2.3	\$ 864
<b>Total</b>	<b>133.0</b>	<b>100%</b>	<b>66.0%</b>	<b>87.8</b>	<b>11.4</b>	<b>\$ 4,358</b>

- Eliminating the homeownership gaps would result in **11.4 million** more owner-households
- 81% of that growth would be attributable to Black and Latino households
- **12 Million** Credit-Visible Black and Latino Individuals are **Mortgage Ready**
- **23 Million** Credit-Visible Black and Latino Individuals are Not Yet Mortgage Ready
- Eliminating the racial/ethnic homeownership gaps today would result in approximately **\$4.4 trillion** in overall incremental origination volume

**Sources and Notes:** MGIC estimates based on the U.S. Census Bureau Quarterly Residential Vacancy and Homeownership Report, Q4 2022, and Joint Center for Housing Studies (JCHS) at Harvard University, "The State of the Nation's Housing 2022", JCHS tabulations of U.S. Census Bureau, Housing Vacancy Surveys. The median home price for May of \$401,100, as reported by the National Association of Realtors (NAR), was used to calculate the incremental origination opportunity. A 95% LTV is assumed. A 3% growth rate in the median home price was applied for the 10-year look-forward. Additionally, the 10-year look-forward is informed by JCHS research and assumes an average of 1.6 million new household formations annually with racial/ethnic distribution proportions skewing more minority based on population growth patterns. No adjustment was made for age cohorts. Freddie Mac, "Who Are the Future Borrowers? A Deep dive into their Barriers and Opportunities", October 2021.



## ARCS - A Community Lending Framework





## Can you plug into or initiate collective action?

Driving community change requires a place-based **collective action** effort involving public, private, philanthropic, community, and academic resources/leaders

- Does this exist in your community?
- Could you play a role in fostering such an effort?
- Are you willing to contribute Time and Money?
- **Benefits**
  - Part of the solution
  - Thought leadership, credibility
  - Build awareness through presence and engagement
  - **Build trust and relationships with key community and other stakeholders**
- **Examples of place-based collective action**
  - MBA Convergence – Ongoing initiative, expanding each year (Memphis, Columbus, Philadelphia)
  - Milwaukee's Collective Affordable Housing Plan ([housingplan.org](https://housingplan.org)) – Community Development Alliance

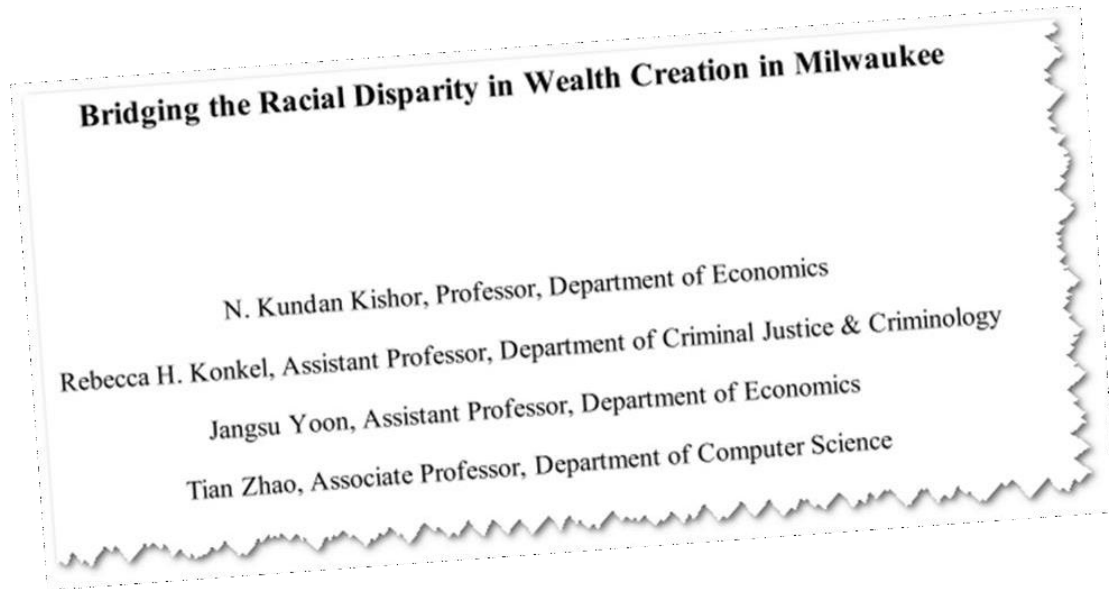


## Milwaukee's Collective Areas of Focus

Grow DPA	Acquisition Fund	Entry Level Homes	Alternative Lending
Grow Down Payment Assistance (DPA) & Homebuyer Counseling by 10% each year for 5 years	Acquire 200 single family homes and duplexes every year that would otherwise be investor owned and sell to homeowners	Construct 100 entry level homes on vacant lots every year	Create a local lending pool that lends to first time homebuyers based on rental history
<ul style="list-style-type: none"> <li>✓ Efficiencies &amp; alignment with Take Root Milwaukee</li> <li>✓ Collective Program Level Data Plan</li> </ul>	<ul style="list-style-type: none"> <li>✓ Acquire first 10 homes</li> </ul>	<ul style="list-style-type: none"> <li>✓ Break Ground on First King Park Home</li> <li><input type="checkbox"/> Identify ECE Developers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Complete business plan</li> <li>✓ Review by Implementation Team</li> </ul>



## Research to pinpoint What will Move the Needle



### Two Key Takeaways:

1. A **homeownership rate of 30%** is a critical threshold for a neighborhood to minimally achieve, to foster wealth creation  
*Solution: Gains in wealth through homeownership could be made by identifying neighborhoods with low homeownership and taking intentional measures to increase the homeownership rate to above 30%*
2. Foreclosures result in a loss of home value, and neighborhoods that experience a high number of foreclosures suffer from substantial value loss (as much as 8x the loss)  
*Solution: Continue public policy focus on increasing homeownership, while also aiding homeowners with home maintenance and avoiding foreclosure to reduce homeownership gaps and restore foundational wealth in communities of color.*



## Closing thoughts

- There is great opportunity in expanding your reach into communities
- Closing the homeownership equity gaps will require a commitment to the long game
- Our focus/intentions should Be driven by –
  - Facts/Data
  - Purpose
  - People, Relationships, and Collaboration
  - Results
- Your voice matters; we are all stakeholders in **Creating Opportunity in Communities of Color**



# Thank you!

## Contacts

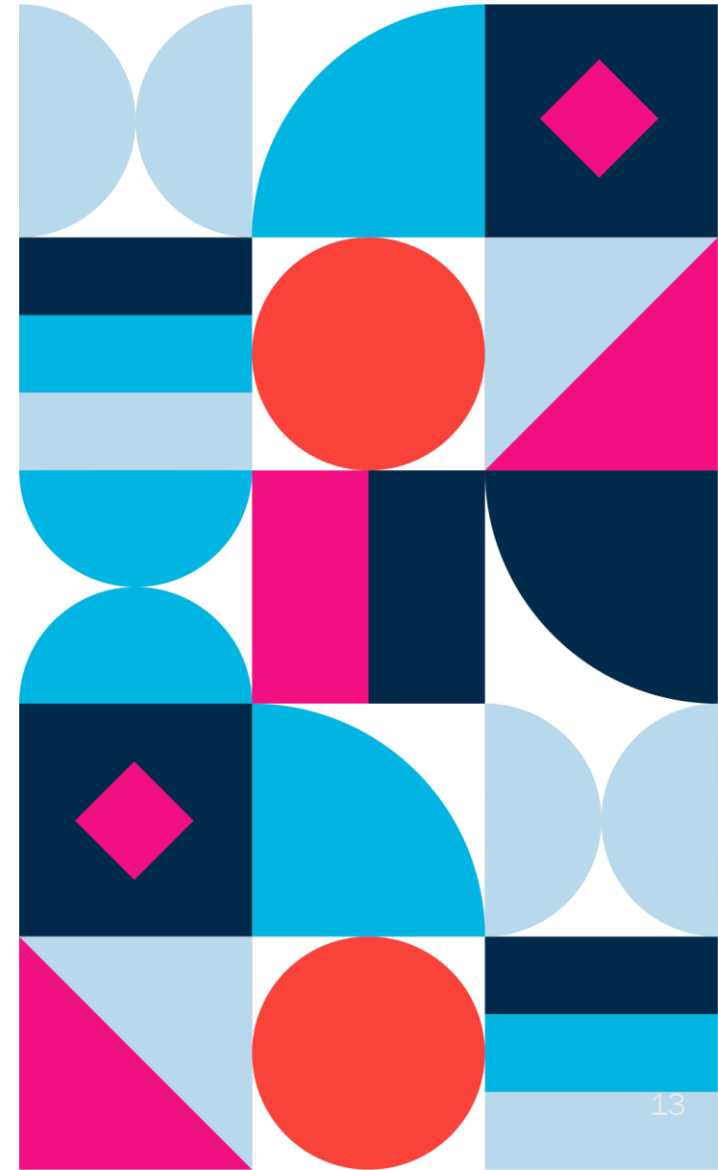
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*A PDF version of this presentation is available upon request for attendees only. DO NOT REPRODUCE OR SHARE. Citations include links to original source data/research.*



**MGIC**

# Addendum





## Awareness

Are the right tools and platforms in place to encourage renters to understand the benefits of owning versus renting such that they desire to pursue homeownership?

### 41 Million Credit-Visible Individuals are Mortgage Ready

	Individuals (M)	% of Total
White	23.4	57%
Black	3.4	8%
Latino	8.3	20%
Other	6.0	15%
<b>Total</b>	<b>41.1</b>	<b>100%</b>

- 12 million (28%) are Black or Latino

#### Themes

- Benefits of homeownership (own versus rent)
- Breaking down common myths (income, down payment, credit, debt)
- Reducing the “fear factor” regarding the mortgage process, sustainability, responsibilities of owning

#### Activities

- Social media, blogs, advertising
- Community liaison/trusted advisor engagement
- Homebuyer fairs, homebuyer seminars
- Understand and promote DPA and special program availability



## Readiness

For applicants who are not yet mortgage-ready, are there systems and practices in place to help them overcome the barriers they face that may be within their control?

## 49 Million Credit-Visible Individuals are Not Yet Mortgage Ready

Not Mortgage Ready	Individuals (M)	% of Total
White	23.8	48%
Black	10.4	21%
Latino	12.4	25%
Other	2.5	5%
<b>Total</b>	<b>49.1</b>	<b>100%</b>

- 52% are non-White
- 23 million (46%) are Black or Latino

### Themes

- Say “not yet” instead of “no”
- Home-buyer education (HBE) for short-term (0-6 months) individuals
- HBE and credit and budget counseling for intermediate- (6-12 months) and long-term (>12 months) individuals

### Activities

- Build your “ground game” in terms of relationships with HBE and credit/budget counseling providers
- Develop a short-, intermediate-, and long-term pipeline management capability
- Promotion/enrollment in financial fitness and credit improvement applications and platforms
- Consider credit-builder accounts to help individuals improve credit profiles over time



For applicants who are not yet mortgage-ready, are there systems and practices in place to help them overcome the barriers they face that may be within their control?

## 63 Million Individuals are Credit Invisible

	<u>Individuals (M)</u>	<u>% of Total</u>
White	9.4	15%
Black	14.8	24%
Latino	15.8	25%
Other	22.5	36%
<b>Total</b>	<b>62.5</b>	<b>100%</b>

- 85% are non-White
- **31 million (49%) are Black or Latino**

## 112 Million Individuals are Not Mortgage Ready or Credit Invisible

<b>Not Mortgage Ready or Credit Invisible</b>	<u>Individuals (M)</u>	<u>% of Total Population</u>
White	33.2	34%
Black	25.2	62%
Latino	28.2	54%
Other	25.0	24%
<b>Total</b>	<b>111.6</b>	<b>49%</b>

- 70% are non-White
- 53 million are Black or Latino
- Over half of Black and Latino individuals are Not Mortgage Ready or Credit Invisible



## Community

When external barriers arise, is there a plan for addressing them such that they may be lessened over time?

### INTERNAL\* BARRIERS

Poor traditional credit

- Pay history
- Adverse credit items

Lack of traditional credit

High debt-to-income (DTI) ratio

- Income-driven
- Debt-driven

Lack of cash savings for down payment and closing costs

Lack of reserves to absorb unexpected costs post-closing (fear of failure)

Employment (e.g., gaps, duration)

### EXTERNAL\* BARRIERS

- Lack of affordable housing supply
  - Investor-purchaser market impact
  - High-priced market
  - Aging housing stock
- Lack of applicable DPA programs
- Lack of HBE and counseling capacity
- Neighborhood environmental concerns
  - Prevalence to crime
  - Proximity to quality education
  - Lack of desirable green space and other amenities
  - Slow or no home price appreciation

**Simone Griffin Taylor**  
Vice President, Affiliate Relations  
HomeFree-USA

# Expanding Your Reach Into Communities of Color

**Tony Thompson** | CEO NAMMBA/Cultural Outreach

**CULTURAL  
OUTREACH**  
A NAMMBA COMPANY

# The Opportunity

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**The Multicultural Market Represents A  
\$2.9T Opportunity**

What it is and What Drives it

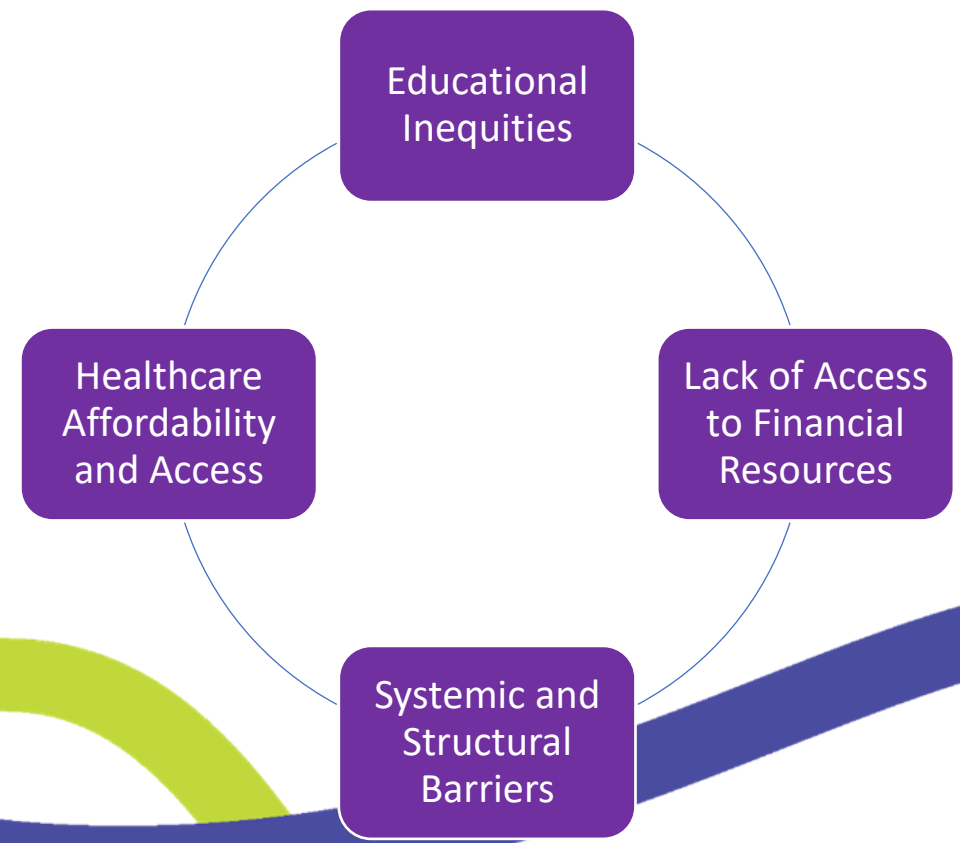
# SECTION 1

## The Wealth Gap in America

### Contemporary Challenges

Addressing the wealth gap in America is a complex issue involving various social, economic, and political dimensions. Here are four challenges currently faced in trying to bridge this gap.

### The Four Headwinds of Wealth Inequality in Today's America



# SECTION 1

## The Wealth Gap in America

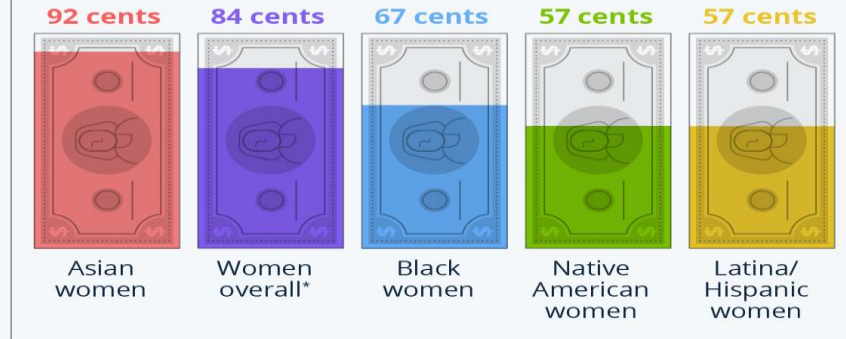
### The Gender Wealth Gap

Adding the layer of gender on top of race paints a darker picture of the disparity in wealth among Americans.

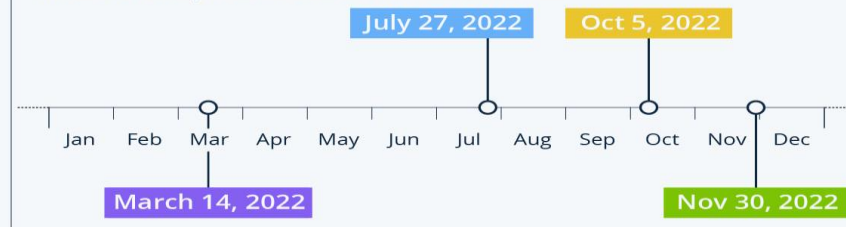
### The Gender Pay Gap Visualized

Gender pay gaps and equal pay days for different races and ethnicities in the U.S.

For every dollar white, non-Hispanic men earned in 2021, women got paid...



To earn what white, non-Hispanic men earned in 2021, they would have to work until...\*\*



\* compared to men overall \*\* Asian women's equal pay day tbd  
 Pay gaps based on median annual earnings of full-time, year-round workers.  
 Equal pay days also take into account part-time and seasonal work.  
 Sources: National Women's Law Center, AAUW



## SECTION 2

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# Diversity in Homeownership

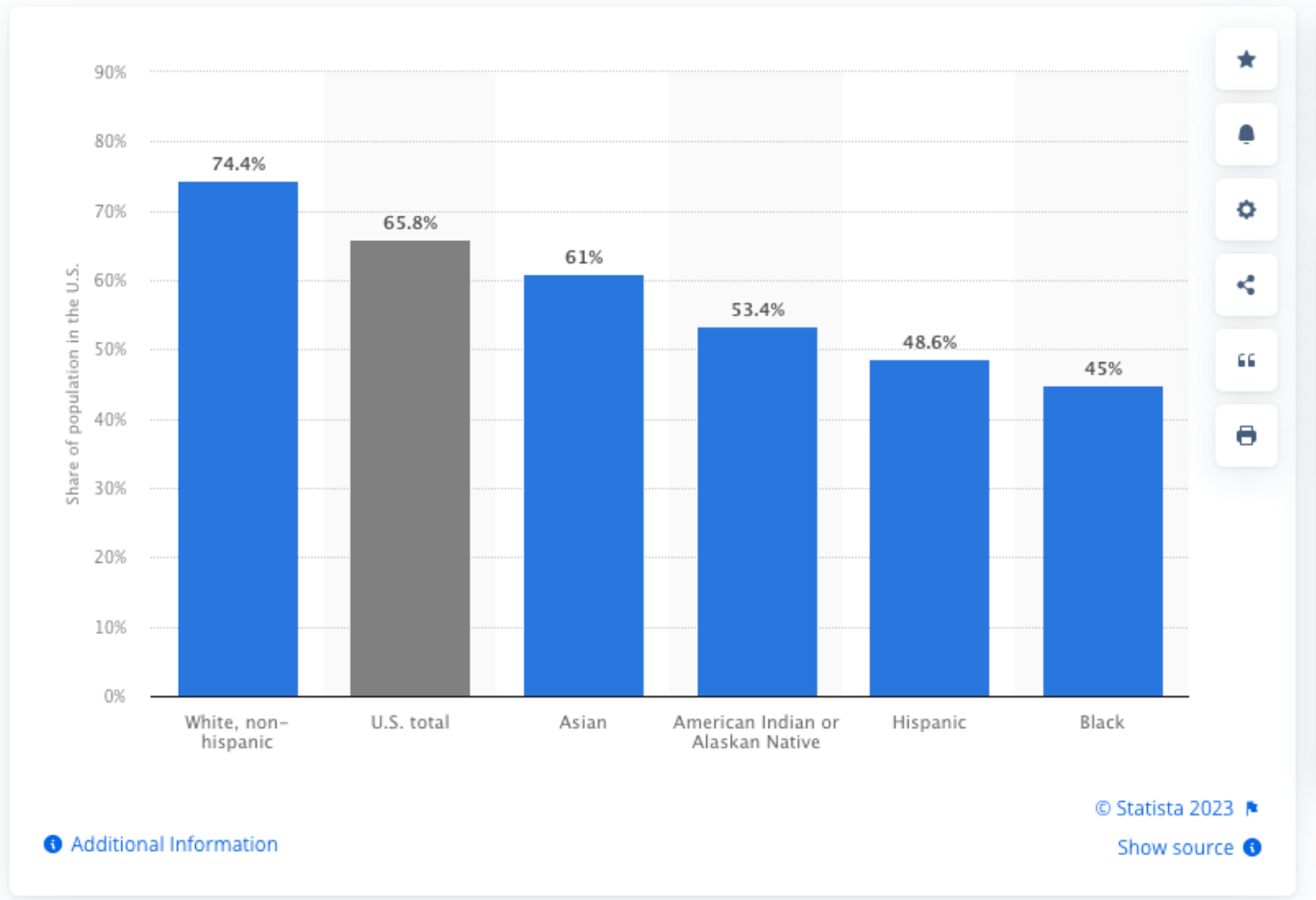
## A Quest for Change

## SECTION 2 Diversity in

### Homeownership The Racial Gap in Homeownership

- As the multicultural buying population grows, the racial disparity in homeownership widens.
- The disproportion of homeownership creates an enormous opportunity for diverse marketing development.

Rate of home ownership in the United States in 2022, by race



## SECTION 2 Diversity in Housing

### Why is Diversity in Housing Important?

- With multicultural segments accounting for 100% of all growth over the last five years, it is clear this segment of consumers will drive the future of the American economy.
- The Hispanic population leads the charge over expected future growth, while the non-Hispanic White population will experience a loss in population.
- Businesses that tap into this market benefit from a broader customer base, enhanced brand loyalty, and a competitive advantage.
- When diversity grows, communities benefit from empowerment, trust in financial institutions, and boosted economic growth.

Growth For Period 2000 - 2023

Population Segment	Population Growth	% Growth	% of Total Growth
Hispanic	31,258,148	88.7%	52%
non-Hispanic White	-7,080,206	-3.6%	-13.3%
non-Hispanic Black	6,728,295	20%	11.2%
non-Hispanic Asian/PI	10,692,578	102.7%	17.8%
All Others	11,479,348	152%	19.1%

Source: Claritas Pop-Facts® 2023

Into the Future: The Multicultural Boom 2023 - 2028

Population Segment	Average Growth in Population 2023-2028			
	Year	Month	Day	Hour
Hispanic	1,505,463	125,455	4,091	170
non-Hispanic White	-1,158,565	-96,547	-3,148	-131
non-Hispanic Black	252,577	21,048	686	29
non-Hispanic Asian/PI	338,805	28,234	921	38
All Others	494,300	41,192	1,343	56

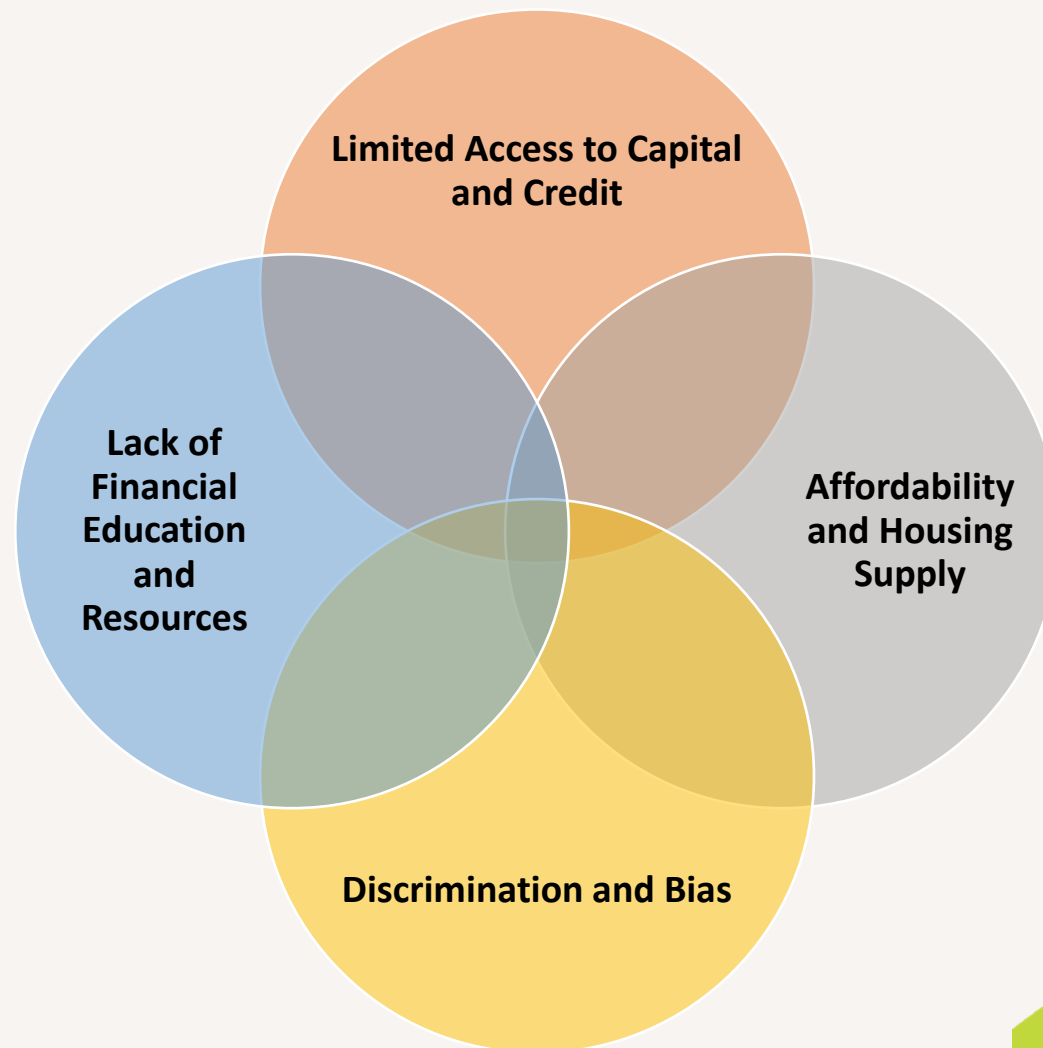
Source: Claritas Pop-Facts® 2023

## SECTION 2 Diversity in Housing

### Challenges to Diversity in Homeownership

Today's New American or diverse borrower must overcome many obstacles to achieve their goal of homeownership, and loan officers must approach diversity with that perspective. Immigrants and diverse groups must overcome:

- No U.S. credit history
- Language barrier
- Documentation challenges

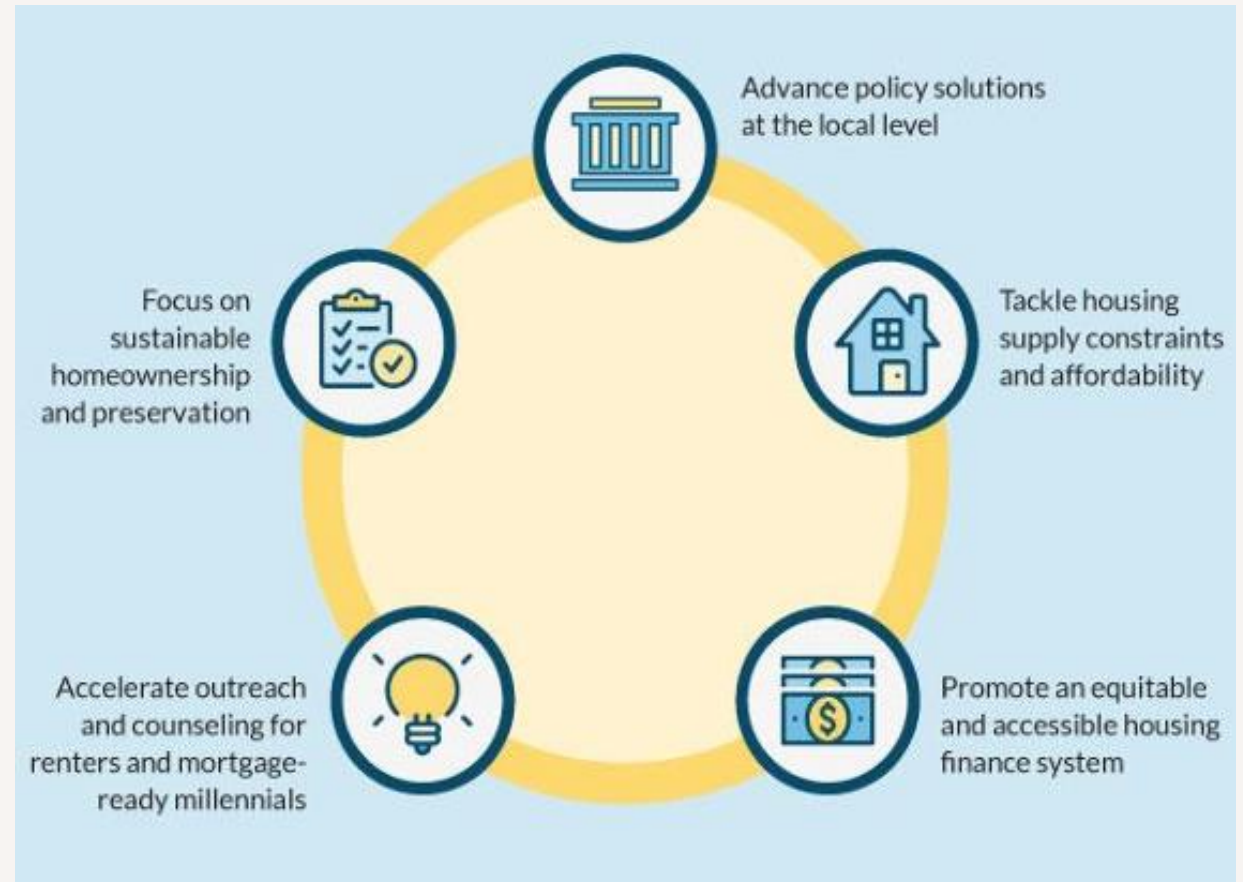


## SECTION 2 Diversity in Housing

### Initiatives for Change

Bridging the gap in minority homeownership in America in 2024 is a complex issue that involves various economic, social, and policy factors. Here are several strategies and approaches that have been discussed and implemented to address this issue:

1. Financial Education and Counseling
2. Down Payment Assistance Programs
3. Affordable Housing Initiatives
4. Community Land Trusts
5. Fair Housing Enforcement
6. Credit Score Reform
7. Mortgage Lending Reform



## SECTION 3

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# Expanding Your Reach Into Communities of Color

A Best Practices Approach

# Best Practices for HFA's?

- 01 Leverage Data To Understand Market Opportunities
- 02 Provide Greater Education Content to Lender/Real Estate Partners
- 03 Create A Customer Centric Process for Lenders/Clients
- 04 Pivot to Social Selling B2B and B2C with IG/FB/TT
- 05 Partner With Cultural Outreach
- 06 Explore Ambassador Relationships (especially mcm)

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## Expanding Your Reach Into Communities of Color

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Homeownership Director  
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National Council of  
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**HOME and  
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JANUARY 7 – 9



# Expanding Partnership

- Intentional selection of Participating Lenders
- Act as a conduit for lenders and community
- Provide training for lenders to realize the business case for seeking out communities of color
- Recognize lenders who improve their lending to communities of color

# Influencing Inclusion

- Create opportunities for participating lenders to connect with and develop referral partner relationships with BIPOC led real estate companies, and related vendors (appraisers, builders, Inspectors, etc.)
- Host training for lenders with Freddie and Fannie to provide the resources to help lenders use the tools to serve more people of color
- Provide a template for participating lenders and BIPOC led real estate companies and community advocates to host routine outreach events