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July 21, 2020

The Honorable Maxine Waters
Chairwoman
U.S. House Committee on Financial
Services
2221 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
U.S. House Committee on Financial
Services
2004 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

As the House Financial Services Committee discusses on-going recovery from the COVID-19 health pandemic, the National Association of REALTORS® (NAR) stands ready to work with you to ensure that all Americans benefit equally from recovery provisions. Following the Great Recession, people of color did not experience the same economic recovery as white Americans. Black homeownership rates fell to levels not seen since the passage of the Fair Housing Act. If action is not taken now, we fear that history will repeat itself and the racial wealth gap will widen and threaten the overall prosperity of our nation.

An examination of inequality in America reveals that the racial wealth gap is primarily a housing wealth gap. Lower homeownership rates leave a negative impact on minority communities that can last generations, providing fewer opportunities for families to accumulate wealth. African Americans lost nearly \$200 billion in wealth between 2009 and 2012, largely due to homeownership losses.

In 2019, NAR worked with the Urban Institute and the National Association of Real Estate Brokers to develop a [five-point framework](#) to address the Black homeownership gap. Thematically, the plan calls on the nation to (1) advance policy solutions at the local level; (2) tackle housing supply constraints and affordability; (3) promote an equitable and accessible housing finance system; (4) further outreach and counseling initiatives for renters and mortgage-ready millennials; and (5) focus on sustainable homeownership and preservation. Specific policy recommendations include:

- Fund programs to prevent foreclosure for low- and moderate-income and vulnerable families of color;
- Increase federal efforts to improve the existing supply of affordable housing;
- Make investments directed toward historically-segregated and devalued neighborhoods;
- Improve or overhaul renovation and rehab purchase lending programs to expand access to existing affordable housing inventory (ex. FHA 203K, GSE renovation programs);
- Advance efforts for the GSEs and HUD to collaborate with mission-driven organizations to make affordable real-estate owned units available for sale to owner-occupant households;

- Increase visibility, access, and types of down payment assistance programs;
- Increase competition in credit scoring and evaluation models, and incorporate alternative data in credit history (ex., rental payments);
- Ensure affordability and access are adequately addressed in GSE reform to promote balanced and fairly priced conventional lending to people of color;
- Responsibly expand small-dollar mortgages for purchase and renovation (micro-mortgages);
- Expand innovative forms of financing for homeownership and product development efforts (e.g. shared equity, tax savings programs, etc.);
- Modernize the FHA insurance program (ex. technology, operations) and expand FHA lending to Black populations and communities;
- Advance Community Reinvestment Act (CRA) efforts that enhance incentives for banks to serve nonwhite communities and expand institutions; and
- Revitalize and improve tax credit incentives for renters to become owners.

NAR is committed to leading the way on policies that address racial injustice and that create safe and inclusive communities. Building the future begins with equal access to housing and opportunity for all. Today, we see national consensus around advancing efforts to eradicate racial discrimination. Let's take advantage of this opportunity!

We are appreciative of this committee's efforts in some of the areas noted above. The benefits of homeownership help countless families, communities, and our nation's overall economy. All Americans deserve to reap these benefits that extend beyond housing – helping families afford higher education and transfer wealth to later generations. Let's work together to make the American Dream work for everyone.

Sincerely



Vince Malta
2020 President, National Association of REALTORS®

cc: U.S. House Committee on Financial Services