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## **U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES**

### **HEARING ENTITLED**

# **"JUSTICE FOR ALL: ACHIEVING RACIAL EQUITY THROUGH FAIR ACCESS TO HOUSING AND FINANCIAL SERVICES"**

## **STATEMENT FOR THE RECORD OF THE NATIONAL ASSOCIATION OF REALTORS®**

**MARCH 10, 2021**

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REALTOR® is a registered collective membership mark which may be used only by real estate Professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.



Thank you for holding this important hearing on “Justice for All: Achieving Racial Equity Through Fair Access to Housing and Financial Services.” The National Association of REALTORS® represents 1.4 million members involved in all aspects of the residential real estate industry.

We believe that our livelihood and business as REALTORS® depend upon making the American Dream of homeownership accessible to as many people as possible. Broad access to homeownership requires an open housing market that is free from discrimination. Discrimination distorts the marketplace, prevents qualified buyers from accessing housing opportunities, and denies neighborhoods the benefit of integration. Our economy, our communities, and the American people suffer when discrimination and segregation artificially constrain homeownership and limit the intergenerational wealth it builds. Conversely, when strong fair housing laws and practices are in place and segregation is addressed, all boats are lifted. Homeowners, communities, REALTORS®, and our economy can thrive.

More than a half-century after passage of the federal Fair Housing Act, homeownership rates for Black, Hispanic, and Asian Americans continue to lag behind the white homeownership rate. Today, the Black-white homeownership gap is the same as it was when housing discrimination was legal. The Black homeownership rate has not fully recovered from the 2008 recession, which impacted communities of color disproportionately. Now, the disproportionate health and economic impacts of COVID-19 threaten to open the gap even wider. Compounding the challenge, limited housing inventory is pushing prices upward and out of reach for many families.

The racial homeownership gap and residential segregation did not happen by accident. They are the result of decades of public and private policies explicitly denying homeownership to millions of qualified Americans because of their race or national origin. Our industry continues to reckon with the historic role it played in segregating our communities and denying homeownership opportunities to qualified buyers of color. Racial dividing lines that our industry helped create decades ago remain in place in many communities. Those lines undergird the challenges people of color face in nearly every facet of American life, from health, to employment, to education, to access to credit, to federal programs and services. In one of his first acts after being installed as NAR’s 2021 President, Charlie Oppler issued a formal apology in November 2020, for the role the industry played in contributing to racial segregation and inequality in America. Oppler noted that “Because of our past mistakes, the real estate industry has a special role to play in the fight for fair housing.”<sup>1</sup>

NAR strongly supports public policies that help redress the legacy of the past and combat the systemic barriers to homeownership resulting from it. We firmly support the Fair Housing Act’s directive that the federal government and its funding recipients affirmatively further fair housing, and we look forward to working with HUD to develop a new AFFH rule that will restore its focus on examining and addressing segregation in our communities. Working in collaboration with nonprofit, community, and industry partners, NAR has identified and advocated for policy reforms to make homeownership more attainable for those for whom it has been out of reach for too long. In 2019, NAR worked with the Urban Institute and the National Association of Real Estate Brokers to develop a framework to address the Black homeownership gap. That plan called on the nation to promote an equitable and accessible housing finance system, including the use of alternative credit scoring models; tackle housing supply constraints and affordability; expand outreach and counseling initiatives for renters and mortgage-ready millennials; and shore up sustainable homeownership and preservation. NAR continues its work addressing the racial homeownership gap in 2021 with the Black Homeownership Collaborative, convened by the National Housing

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<sup>1</sup> Press Release. November 19, 2020. “NAR President Charlie Oppler Apologizes for Past Policies that Contributed to Racial Inequality.” <https://www.nar.realtor/newsroom/nar-president-charlie-oppler-apologizes-for-past-policies-that-contributed-to-racial-inequality>.

Conference and including partners such as the National Fair Housing Alliance and the Mortgage Bankers Association. The Collaborative will soon present recommendations to the administration and Congress that our large and diverse group of partners agree can advance homeownership for Black buyers.

NAR also supports strong enforcement of fair housing laws to eliminate the ongoing discrimination that the 2019 *Newsday* investigation reminds us still exists. Last July, we called on HUD to withdraw its proposed rule weakening the agency's interpretation of the disparate impact theory of liability under the Fair Housing Act. We support increased funding for HUD's Office of Fair Housing and Equal Opportunity, and encourage that office to make greater use of its Secretary-initiated complaint authority to undertake investigations of systemic practices that deny homeownership to large groups of Americans. We support increased funding for discrimination testing, and strengthening the capacity of the nation's private fair housing groups receiving funds under HUD's Fair Housing Initiatives Program to carry out impactful fair housing enforcement activity.

NAR also has led industry efforts to stamp out discrimination in real estate. In early 2020, NAR launched its "ACT! Initiative," a fair housing action plan emphasizing accountability, culture change, and training. As part of "ACT!," we are launching a self-testing program for brokerages to assess their agents' compliance with fair housing laws and correct fair housing problems. We are engaged in efforts to strengthen fair housing education and enforcement provisions in state real estate licensing laws. We have created implicit bias training customized for the real estate context, and a new fair housing training simulation that put agents in the role of consumers experiencing discrimination, along with video testimonials of real people who have been impacted by housing discrimination. We are producing films about REALTOR® fair housing champions to inspire and motivate our members to lead the charge in advancing fair housing in their businesses and communities.

NAR stands ready to work with Congress, the administration, industry and community partners to continue tackling systemic barriers to homeownership, redress past harms, and eliminate present-day discrimination.