



FIRST GENERATION:

Criteria for a Targeted Down Payment Assistance Program

A Proposal from the Center for Responsible Lending and the
National Fair Housing Alliance

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The Authors

Nikitra Bailey, Executive Vice President, Center for Responsible Lending

Tucker Bartlett, Executive Vice President, Self-Help Credit Union

Mike Calhoun, President, Center for Responsible Lending

Keith Corbett, Executive Vice President, Center for Responsible Lending

Debby Goldberg, Vice President of Housing Policy and Special Projects, National Fair Housing Alliance

Deborah Momsen-Hudson, Vice President and Director of Secondary Market, Self-Help Credit Union

Lisa Rice, President and Chief Executive Officer, National Fair Housing Alliance

Eric Stein, Senior Vice President, Self-Help Credit Union

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Summary of Program

According to the 2019 American Community Survey, homeownership among Black families is 30 percentage points below that of white families—a larger gap than existed in 1968 when the Fair Housing Act was passed. The disparity in homeownership rates is a large driver of the enormous racial wealth gap, with the median Black family having 13 cents in net worth for every dollar of net worth held by the median white family.

For a Down Payment Assistance (DPA) program to reduce barriers to homeownership in a way that advances the Biden-Harris administration's commitment to racial equity and puts the nation on a firm trajectory to closing the wealth and homeownership gaps between whites and people of color, we recommend the following:

- 1) Eligibility should be limited to first-generation homebuyers whose income is at or below 120% of the Area Median Income (AMI). This will create an eligible pool of 12.2 million families, 72% of whom will be families of color, with 43% of these being Black families. When estimating "likely" program participants (those with incomes above 40% AMI and first homebuying age of 25–54), the pool is approximately 5 million families, 71% of whom would be families of color, with 34% of these being Black families.
- 2) Half of these funds should be set aside for state Housing Finance Agencies that have adopted Affirmatively Furthering Fair Housing (AFFH) Plans that comport with the letter and spirit of the Fair Housing Act. These funds should be awarded based on the size of the renter population in each state. The other 50% should be awarded through a competitive bidding process run by the Community Development Financial Institutions Fund (CDFI Fund) at the U.S. Department of the Treasury to select administrators committed to and capable of delivering funds to socially- and economically-disadvantaged individuals.
- 3) The DPA should be a minimum of \$20,000 per applicant (could be increased for high-cost markets) to provide sufficient funds to make homeownership affordable.

In addition, strong reporting and evaluation requirements should be included to ensure transparency and efficacy.

Finally, the Departments of Justice and Housing and Urban Development should be directed to conduct a study to determine whether a program solely designed on using the "First Generation" eligibility criteria will adequately serve the government's compelling interest of sufficiently reaching consumers who are disproportionately impacted by historical and current policies and practices of discrimination. The study will assess the efficacy of employing mechanisms for targeting funds to socially- and economically-disadvantaged persons as a means of significantly reducing the access gap, such that the nation is put on a firm trajectory toward homeownership parity among advantaged and disadvantaged groups.

This proposal was developed from the perspective of providing the U.S. Congress with a framework for establishing a Targeted Downpayment Assistance Program to close the wealth and homeownership gaps. However, the elements of this proposal can be adapted for use by state and local governments as well as other entities that wish to establish a program that will advance equitable outcomes.

Introduction

Homeownership is the primary way that most families build wealth and achieve economic stability. But buying a home is an expensive proposition, and the upfront costs stand as a significant impediment, especially for those who cannot fall back on their families for help with a down payment and closing costs. Accordingly, we welcome and applaud the efforts to develop a new DPA program to complement existing programs and put homeownership in reach of those currently excluded from the market.

For people of color, homeownership is especially elusive. For decades, federally-sanctioned discrimination in the housing finance system largely denied them access to homeownership and other wealth-building opportunities. As a result of this and other forms of long-standing institutional discrimination, Black and Hispanic families have less wealth and lower homeownership rates, and thus less ability to provide financial assistance to their children.¹ At the same time, broader societal discrimination, including in education and employment, have produced a massive income gap that makes it more difficult for Black and Hispanic families to accumulate sufficient savings. For these and other reasons, access to homeownership and its wealth-building benefits continues to be delayed or denied to far too many people of color and other low-wealth families, and the wealth gap continues to grow.

The numbers tell the story. The homeownership rate for Blacks under age 35 is below 20%—less than half the rate for whites. The gap closes some over the life cycle, but even for those aged 35–54, the Black homeownership rate is just 50% compared to over 70% for whites.² Overall, the gap—more precisely, the chasm—today is even higher than it was in 1968 when the Fair Housing Act was enacted. Bringing the Black homeownership rate up to the level of whites would require increasing the number of Black homeowners by roughly five million, which would represent approximately a 66% increase.

Even more troubling, the Urban Institute projects that over the next 20 years all net new household growth will be from families of color, but that the homeownership rate, left unaddressed, will continue to fall for every age group.³ Even more starkly, the same study projects that the Black homeownership rate will fall even further by 2040, with the decline particularly pronounced for households age 45–74. This is an economic disaster for the Black families who will be unable to achieve homeownership, but it is also a moral and economic problem for the country. The safety and soundness of the future mortgage market depends on there being consumers who can access safe and responsible loans. Acting now to increase homeownership among underserved communities is a cost-effective solution that will strengthen the middle-class and grow the economy.⁴

Further, even those Black families who eventually are able to amass a down payment and money for closing costs are able to afford less home and must take out more debt at a higher cost than whites; this, plus the delay in entering the market, depresses Black families' ability to accumulate wealth through their investment.⁵



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A robust and sustained federally-funded DPA program is a proven strategy that can begin to address these barriers and facilitate new homeownership. Although there undoubtedly are millions of young families for whom down payment assistance could accelerate their path to homeownership, **given limited resources, it is essential that this program be targeted in a way that delivers on President Biden’s promise to address the long-term discrimination and racial inequities that continue to plague our society, especially those rooted in exclusionary housing policies.**⁶ It is also critical that the program reaches potential homebuyers who bear the burdens of past discrimination and who may never be able to achieve the dream of homeownership without this assistance. The following proposal is recommended to target a DPA program to accomplish these objectives.

Part 1: Core Program Elements

The group most in need of DPA assistance are those who neither have the income to accumulate money for a down payment nor family resources to draw upon for these purposes but are able to afford the monthly payments for a mortgage. Accordingly, drawing on the approach in the educational arena in which there are special programs targeting first-generation college students, we recommend that the core program be limited to first-generation, first-time homebuyers within certain income limits. We would add to this a house price limit as an additional safeguard to assure the money is well-targeted. Specifically, we recommend the following:



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Eligibility Criteria

The following table summarizes the criteria that recipients of the DPA would need to meet. Appendix 1 has an analysis of the number and percent of eligible individuals based on these criteria.

Figure 1: Eligibility Criteria

Borrower Status	First-Generation Homebuyer ⁷
First Home Requirement	First-Time Homebuyer ⁸
Borrower Household Income Limit	Borrower Household Shall Earn at or below 120% of the Area Median Income (AMI)
Counseling	Pre-Purchase Counseling by HUD-Approved Agency Required
Mortgage Features	Qualified Mortgages as Defined after March 1, 2021 ⁹

The rationale for targeting first-generation homebuyers is clear: those whose parents were the victims of exclusionary housing policies or otherwise unable to become homeowners are unlikely to have the benefit of intergenerational wealth and thus are most likely to be limited in their ability to purchase by the long-standing and massive racial wealth gap.¹⁰ Given that first-generation homebuyers almost certainly cannot turn to their parents for assistance with a home purchase and must rely on whatever savings they have been able to accumulate, we recommend an income limit higher than the traditional limit of 80% of AMI, which translates to roughly \$62,000 on a national basis. Borrowers who make only slightly more than this amount, but who lack the benefit of intergenerational wealth, still face severe challenges in achieving homeownership. Our recommended income limit of 120% of AMI (approximately \$94,000 on a national basis) would create an eligible universe of 12.2 million first-generation homebuyer households nationwide.



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Importantly, although not surprisingly, precisely because it has been so difficult for Black and Hispanic families to obtain homes in the past and because of the large income gap between white families and families of color, the first-generation homebuying population with incomes below 120% of the AMI is disproportionately comprised of people of color. Indeed, fully 66% of this population are Black (43%) or Hispanic (23%), although the percentage drops to 60% (34% Black, 26% Hispanic) if we were to assume that those with incomes below 40% of AMI and younger than 25 or older than 54 as a practical matter are unlikely to participate in this first-time homebuyer program. See Appendix 1 for a detailed analysis of targeting first-generation, first-time homebuyers.

Many programs aimed at first-time homebuyers provide eligibility for all low-income households, i.e. for all families with income up to 80% of AMI. We recognize that obtaining homeownership is a struggle for low-income families generally. However, we estimate that there would be 28.8 million eligible households if the DPA program were open to all such households, of whom roughly half have incomes above 40% of AMI. Among that group, further limited to the age range of 25–54, 45% would be white compared to just 23% Black and 23% Hispanic (with the rest falling in the “other” category). Moreover, with an eligible universe of 28.8 million families, the almost inevitable result would be that those best able to work the system would succeed in getting the available DPA dollars. Such a result would not begin to shrink disparities—and could even increase—the Black-white homeownership gap. See Appendix 2 for a detailed analysis of targeting low-income, first-time homebuyers.

Focused Delivery Channel Criteria

Even with the eligibility limitations recommended above, the universe of eligible and likely participants, i.e., those meeting the eligibility criteria who are likely participants, with incomes above 40% of AMI and between the ages of 25 and 54, would be large (5 million). It would take \$100 billion dollars to serve all those households. Although we believe that the size of the program should be commensurate to the need, we recognize that there likely will be substantially more eligible would-be buyers than funds available for DPA. For that reason, the channels through which DPA will be delivered are every bit as important as the eligibility criteria to assure that the program works as intended. Previous experience with homeownership assistance funds, specifically the Hardest Hit Fund, has demonstrated that without targeting, resources will not equitably reach Black and brown communities. Black and Hispanic communities lost \$1 trillion in wealth

during the Great Recession as much of the relief came too late and lacked the programmatic design necessary to reach the needs of Black and Latino communities.¹¹

This program could be administered jointly by HUD and the Department of the Treasury. Specifically, we recommend the following approach to allocating funds and to selecting recipient agencies to administer the funds. The DPA funds should be appropriated to the CDFI Fund for it to disburse as set forth below and subject to the requirement that the Treasury Department and CDFI Fund must explicitly acknowledge that the CDFI Fund is subject to the Fair Housing Act's Affirmatively Furthering Fair Housing mandate. The CDFI Fund would be responsible for disbursing 50% of the funds through a competitive grant process to "Targeted DPA Administrators" that would be organizations with the capabilities and commitments to administer funds to achieve the program's overall objectives. The Targeted DPA Administrators would, in turn, provide DPA to eligible mortgage applicants sourced through retail and wholesale channels. Although CDFIs could apply for funding through this competitive process, they would be judged by the same criteria as all other bidders and would not be provided with any competitive advantage.

A consumer advisory board will be established to advise and consult with the CDFI Fund in the exercise of its functions in administering the DPA and will help ensure compliance with the requirements laid out in the legislation establishing the DPA. The consumer advisory board will be composed of experts in civil rights, fair housing, fair lending, consumer protection, housing counseling, and consumer financial products or services; representatives of financial institutions that primarily serve underserved communities; representatives of communities that have been underserved by the financial services mainstream industry; and real estate housing professionals drawn from and serving underserved communities. Geographic diversity will be a criterion for selection, including allocating at least one seat for a community representative from the Deep South.

We recommend that the remaining 50% of the funds (plus any of the first 50% not delivered through the competitive process) be disbursed by HUD to state Housing Finance Agencies (HFAs) in accordance with a formula based on the number of renters in each state, but with the requirement that to obtain a disbursement, the HFA must meet certain criteria as set forth below.



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Figure 2: Channel Summary Table

DPA Delivery Channel	Allocation	Notes
Targeted DPA Administrators	50%	Annual competitive process that awards allocations based on the criteria set forth below. If the selected, targeted DPA Administrators do not have sufficient capacity to deploy this 50%, remaining unallocated funds can be distributed via state HFAs.
State Housing Finance Agencies	50%	Allocation methodology to state HFAs based on number of renters in each state; requirement that to be eligible to receive funds: HFAs (1) have an AFFH Plan; and (2) have existing partnerships with federally-insured depositories, mortgage banks, nonprofit loan funds, mortgage brokers that serve underserved groups, and/or nonprofit intermediaries including local fair housing organizations and/or community development corporations.

Targeted DPA Administrators May Include:¹²

- Federal Home Loan Banks;
- Community Development Financial Institutions;
- Community Development Credit Unions;
- Nonprofit community lenders;
- Minority Depository Institutions; and
- Depository and non-depository mortgage lenders for use in conjunction with Special Purpose Credit programs.

Criteria Used to Select Targeted DPA Administrators in the Competitive Process Described Above Should Include:

- Strong track record of serving first-time Black, Hispanic, Asian American and Pacific Islander, and Native homebuyers and other underserved populations;
- Affirmative outreach plan to reach underserved populations, including existing and/or new partnerships with mortgage brokers that serve underserved communities;
- Partnerships with nonprofit intermediaries, including local fair housing organizations and community development corporations;
- Adoption of an Affirmatively Furthering Fair Housing Plan;
- Relationship with HUD-approved housing counseling agencies to prepare potential homebuyers; and
- Use of innovative products and programs that address barriers to attaining and sustaining homeownership.

Amount of Assistance

In determining how much assistance should be available to eligible participants, it is important to recognize the challenges first-generation homebuyers face in accumulating sufficient savings to purchase a home. We estimate that it would take nine years for a household earning the median income to save sufficient money to be able to make even a 3% down payment and cover the closing costs on a median-priced home.¹³ The table below shows a simplified calculation of the minimum cash required to purchase the median home in 2020:¹⁴

Figure 3: Minimum Cash Needed for Median-Priced Home Was Almost \$30,000 in 2020

Funds Needed	\$	% of Home Price		Funds Required	\$	% of Home Price
Median Home	\$334,700	100.0%		Mortgage	\$324,659	97.0%
Closing Costs	\$10,041	3.0%		Borrower Cash	\$29,201	8.7%
Moving Costs	\$1,250	0.4%				
Reserves	\$5,494	1.6%				
First Year Taxes	\$2,375	0.7%				
Total Needed	\$353,860	105.7%		Total Required	\$353,860	105.7%

Note: Borrower Cash amount is calculated by adding a down payment of 3% (\$10,041), closing costs in the same amount of 3%, moving costs, reserves, and first year taxes as noted.

Given this reality, we recommend that the program provide a minimum of \$20,000 of DPA to eligible families (could be adjusted up for high-cost markets). This would significantly reduce the number of years of savings required to purchase their first home to three years. Further, for those able to accumulate some savings, a \$20,000 DPA grant could be used to reduce the mortgage amount, which would make the housing payment more affordable for lower-income families and help them create wealth faster. A \$20,000 DPA would also enable at least some families to preserve some of their own money for a critical reserve to maintain the home or weather unforeseen life events.



Given this reality, we recommend that the program provide a minimum of \$20,000 of DPA to eligible families (could be adjusted up for high-cost markets).

Additional Requirements

Liquidity: Congress should include a requirement that the government sponsored enterprises (Fannie Mae, Freddie Mac, and Federal Home Loan Banks) provide ongoing assistance and liquidity instruments to support the DPA program.

Accountability and Transparency: Every administrator that receives funds under the DPA program, including each HFA recipient, should be required to report program results to the CDFI Fund in a timely manner in an electronically accessible format specified by the CDFI Fund and at intervals specified by the CDFI Fund but initially no less frequently than annually. The report should include applicant and loan-level data sufficient to assess the extent to which the program is adequately and safely closing homeownership and wealth gaps between and among racial and ethnic groups. This data should include, but not be limited to, applicant demographic information, application outcomes, and terms of the DPA assistance, as well as property information (including geography, property value and type, and first mortgage type and investor). The CDFI Fund must make this data accessible to HUD. The loan-level data should be made publicly available by the CDFI Fund subject to modifications made by the CDFI Fund to protect the privacy of borrowers in a manner consistent with the accountability purposes of this section.

Program Evaluation: The program should be evaluated 24 months after the initial disbursement of funds under this program. The CDFI Fund shall issue a report evaluating the program's effectiveness in achieving its objectives, including closing homeownership and wealth gaps between and among racial and ethnic groups and enabling socially- and economically-disadvantaged households to become homeowners in a manner that is likely to enable them to remain homeowners and build their family's assets. The program will be re-evaluated every 12 months after the initial 24-month evaluation.

Part 2: Program Element to Enhance Targeting

Within 60 days after enactment of the legislation, the Department of Housing and Urban Development and the Department of Justice should be required to jointly prepare and release a report analyzing the evidence of the existence and continuing effects of discrimination in the mortgage lending market that preclude certain classes of consumers from fairly obtaining credit. The report should also analyze evidence of structural or other barriers, such as policies, systems, technologies, practices, or other impediments that restrict the ability of socially- and economically-disadvantaged groups to fairly access mortgage credit.

The report must evaluate the extent to which there exists a significant gap in mortgage credit access for socially- and economically-disadvantaged groups, including Black, Hispanic, Native American, Asian American, and other groups. The analysis must also examine whether existing race-neutral lending programs, including the program established in Part 1 by this legislation, will be sufficient to cause a significant decline in the access gap, such that the nation is put on a firm trajectory toward homeownership parity among advantaged and disadvantaged groups.

The purpose of this report shall be to determine whether adding the consideration of race to the DPA program, along with other modifications, are necessary to achieve the compelling governmental interest of eliminating the effects of past and present discrimination in the mortgage lending market so that all people, including underserved communities, have equal access.

In the event the Department of Housing and Urban Development and Department of Justice determine that the gap in access to mortgage credit is unlikely to be closed by the Core Program Elements as set forth in Part 1, administrators shall establish programs—including a modification to the program in Part 1—that use race-conscious remedies to overcome discriminatory barriers to serving socially- and economically-disadvantaged people, using a rebuttable presumption that people of color are socially- and economically-disadvantaged.



Within 60 days after enactment of the legislation, the Department of Housing and Urban Development and the Department of Justice should be required to jointly prepare and release a report analyzing the evidence of the existence and continuing effects of discrimination in the mortgage lending market that preclude certain classes of consumers from fairly obtaining credit.

Conclusion

Homeownership is the primary way most Americans build wealth. Unfortunately, historic and ongoing discriminatory housing policies result in Black families and other people of color being excluded from having access to owning a home. As a result, persistent and growing racial wealth gaps continue with many hardworking families lacking the resources to save for a down payment to purchase their first home. A targeted down payment assistance program will serve as a critical first step in addressing these disparities, strengthening the wealth building capacity for millions while also growing the economy.

APPENDIX 1

Targeting of First-Generation, First-Time Homebuyers with Income at or below 120% AMI

	White	Black	Latino	Other	TOTAL
Total Households					
# of All Households (Millions) ^a	84.9	17.1	17.7	8.9	128.5
% of Total Households	66%	13%	14%	7%	100%
Eligible Households					
% Renter Households ^b	26%	56%	51%	42%	34%
% of Renter Households at or Below 120% AMI ^c	79%	87%	87%	78%	82%
% of All Above, First-Generation Homebuyer	20%	63%	36%	25%	34%
% of Group Eligible	4%	31%	16%	8%	10%
# of Eligible Households (Millions)	3.4	5.2	2.8	0.7	12.2
% of Total Eligible	28%	43%	23%	6%	100%
Likely Program Participants					
% of All Above, Eligible, Income Above 40% AMI ^{c,d}	60%	39%	65%	85%	54%
% of All Above, Households Age 25–54 ^e	72%	84%	72%	83%	77%
% of Group Likely Program Participants	1.7%	10.1%	7.5%	5.8%	3.9%
# of Likely Program Participants (Millions)	1.47	1.70	1.32	0.52	5.00
% of Total Likely Program Participants	29%	34%	26%	10%	100%

Note: Information about the household and parental homeownership is taken from the Panel Study of Income Dynamics (PSID) survey with latest wave in 2017. All estimations are calculated using weights that adjust the numbers to make it nationally representative. We also calculated the % Renter Households at or Below 120 AMI by race and ethnicity using the American Community Survey and found similar numbers. First-time homebuyer is someone who has rented for the prior three years. These are estimates based on the available data and rely on several assumptions derived from different sources as noted. Figures may not sum due to rounding.

^a Census Bureau "Historical Households Tables"; calculated using 2020 estimates for number of households by race from Table HH-7.

^b From the "Quarterly Residential Vacancies and Homeownership, Fourth Quarter 2020" report published by the Census Bureau.

^c Income reported in PSID relative to area median. The AMI numbers are obtained from HUD, which provides state-level numbers for metro and non-metro areas.

^d Proxy to estimate market size for those with adequate income.

^e Proxy to estimate the market size for those in the prime homebuying age range.

APPENDIX 2

Targeting of First-Time Homebuyers with Income at or below 80% AMI

	White	Black	Latino	Other	Black & Latino	TOTAL
Total Households						
# of All Households (Millions) ^a	84.9	17.1	17.7	8.9	34.7	128.5
% of Total Households	66%	13%	14%	7%	27%	100%
Eligible Households						
% Renter Households ^b	26%	56%	51%	42%	53%	34%
% of Renter Households at or Below 80% AMI ^c	61%	76%	68%	56%	73%	66%
% of Group Eligible	16%	42%	35%	24%	39%	22%
# of Eligible Households (Millions)	13.3	7.2	6.2	2.1	13.4	28.8
% of Total Eligible	46%	25%	21%	7%	46%	100%
Likely Program Participants						
% of Group Eligible	16%	42%	35%	24%	39%	22%
% of All Above, Eligible, Income Above 40% AMI ^c	50%	39%	50%	56%	43%	47%
% of All Above, Households Age 25–54 ^c	58%	68%	65%	61%	66%	61%
% of Group Likely Program Participants	5%	11%	11%	8%	11.3%	7%
# of Likely Program Participants (Millions)	3.8	1.9	2.0	0.7	3.9	8.5
% of Total Likely Program Participants	45%	23%	23%	9%	46%	100%

Note: Black and Latino combined totals were excluded from the “Total” column to avoid double-counting because those totals include the numbers in the “Black” and “Latino” columns. Figures may not sum due to rounding.

^a Census Bureau “Historical Households Tables”; calculated using 2020 estimates for number of households by race from Table HH-7.

^b From the “Quarterly Residential Vacancies and Homeownership, Fourth Quarter 2020” report published by the Census Bureau.

^c Urban Institute calculations using PSID data.

Endnotes

1 The terms “Hispanic” and “Latino” are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

2 Bhutta et al., *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances*. See: <https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm>.

3 Urban Institute, *By 2040, the US Will Experience Modest Homeownership Declines. But for Black Households, the Impact Will Be Dramatic*. See: <https://www.urban.org/urban-wire/2040-us-will-experience-modest-homeownership-declines-black-households-impact-will-be-dramatic>.

4 Nick Noel, Duwain Pinder, Shelley Stewart, and Jason Wright, *The Economic Impact Of Closing The Racial Wealth Gap*, McKinsey & Company (August 13, 2020): <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap#>; Dana M. Peterson and Catherin L. Mann, *Closing The Racial Inequality Gaps: The Economic Cost of Black Inequality in the U.S.*, Citi GPS: Global Perspectives & Solutions (September 20, 2020), <https://www.citivelocity.com/citigps/closing-the-racial-inequality-gaps/>; Jeff Cox, *Morgan Stanley Says Housing Discrimination Has Taken A Huge Toll On The Economy*, CNBC, November 13, 2020, available at https://www.youtube.com/watch?v=q_Q8EYLKkQA.

5 Urban Institute, *Three differences between black and white homeownership that add to the housing wealth gap*. See: <https://www.urban.org/urban-wire/three-differences-between-black-and-white-homeownership-add-housing-wealth-gap>.

6 See Executive Order 13985 Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. January 20, 2021. 86 FR 7009, available at <https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government>. See also Presidential Memorandum Redressing Our Nation’s and the Federal Government’s History of Discriminatory Housing Practices and Policies. January 26, 2021. 86 FR 7487. Available at: <https://www.federalregister.gov/documents/2021/01/29/2021-02074/redressing-our-nations-and-the-federal-governments-history-of-discriminatory-housing-practices-and>.

7 Using “first-generation homebuyer” for funding eligibility is originally the idea of the Massachusetts Affordable Housing Alliance and is similar to the way first-generation college students certify for eligibility on certain scholarship programs. See <https://mahahome.org/Enabling-First-Generation-Homeownership-Massachusetts#:~:text=%20Enabling%20First%20Generation%20Homeownership%20in%20Massachusetts%20for%20Homeownership%20Policies.%20Down-payment%20assistance%20should...%20More> for more information on MAHA’s program. At least one of the borrowers would certify to the best of their knowledge via affidavit that: (1) their parents currently are renters; or (2) they were in foster care for some period of time as a minor. If the borrower is found to have provided false information, they must return the money (without criminal or civil penalties). Applicants may be required to provide their parents’ full names and most recent address.

8 Per HUD’s definition of First-Time Homebuyer. See: <https://archives.hud.gov/offices/hsg/sfh/ref/sfhp3-02.cfm#:~:text=A%20first-time%20homebuyer%20is,considered%20first-time%20homebuyers>.

9 <https://www.consumerfinance.gov/ask-cfpb/what-is-a-qualified-mortgage-en-1789/>.

10 Urban Institute, *Down Payment Assistance on First-Generation Buyers Could Help Millions Access the Benefits of Homeownership*. April 7, 2021. See: <https://www.urban.org/urban-wire/down-payment-assistance-focused-first-generation-buyers-could-help-millions-access-benefits-homeownership>.

11 Debbie Gruenstein Bocian, Peter Smith, and Wei Li, *Collateral Damage: The Spillover Costs of Foreclosures*, Center for Responsible Lending, at p. 2 (Oct. 24, 2012), available at <https://www.responsiblelending.org/mortgagelending/researchanalysis/collateral-damage.pdf>.

12 This section incorporates recommendations from the Black Homeownership Collaborative.

13 Calculations on file with Center for Responsible Lending; available on request.

14 CNBC, *Here’s how much you will really need to buy your first home (Hint: It’s more than you think)*. See: <https://www.cnbc.com/2020/06/22/heres-how-much-money-youll-really-need-to-buy-your-first-home.html>.

**For additional information about this proposal,
contact any of the following people:**

Nikitra Bailey, Center for Responsible Lending
Nikitra.Bailey@ResponsibleLending.org

Tucker Bartlett, Self-Help Credit Union
Tucker.Bartlett@self-help.org

Mike Calhoun, Center for Responsible Lending
Mike.Calhoun@ResponsibleLending.org

Keith Corbett, Center for Responsible Lending
Keith.Corbett@ResponsibleLending.org

Debby Goldberg, National Fair Housing Alliance
DGoldberg@NationalFairHousing.org

Deborah Momsen-Hudson, Self-Help Credit Union
Deborah.Momsen-Hudson@self-help.org

Lisa Rice, National Fair Housing Alliance
Lisa.Rice@NationalFairHousing.org

Eric Stein, Self-Help Credit Union
Eric.Stein@self-help.org



www.nationalfairhousing.org

The **National Fair Housing Alliance (NFHA)** is the country's only national civil rights organization dedicated solely to eliminating all forms of housing and lending discrimination and ensuring equal housing opportunity for all people. Through its leadership, education and outreach, member services, public policy, community development, enforcement, homeownership, credit access, and tech equity initiatives, NFHA is dismantling longstanding barriers to equity, rooting out bias, and building diverse, inclusive, well-resourced communities.

1331 Pennsylvania Ave., NW, Ste. 650
Washington, DC 20004

Nationalfairhousing.org
[@NatFairHouse](https://twitter.com/NatFairHouse)



Center for Responsible Lending

www.responsiblelending.org

The **Center for Responsible Lending (CRL)** is working to ensure a fair, inclusive financial marketplace that creates opportunities for all responsible borrowers, regardless of their income, because too many hard-working people are deceived by dishonest and harmful lending practices.

CRL is a nonprofit, non-partisan organization that works to protect homeownership and family wealth by fighting predatory lending practices. Our focus is on consumer lending: primarily mortgages, payday loans, credit cards, bank overdrafts, and auto loans.

North Carolina

302 West Main Street
Durham, NC 27701

Ph (919) 313-8500
Fax (919) 313-8595

California

1970 Broadway
Suite 350
Oakland, CA 94612

Ph (510) 379-5500
Fax (510) 893-9300

District of Columbia

910 17th Street NW
Suite 500
Washington, DC 20006

Ph (202) 349-1850
Fax (202) 289-9009