Event Session

Closing the Racial Homeownership Gap

Date: February 25???26, 2025

00:00:00 --> 00:00:00:	OK.
00:00:02 --> 00:00:03:	Good afternoon, everybody.
00:00:03 --> 00:00:05:	We're going to go ahead and get started.
00:00:07 --> 00:00:10:	We're so glad you chose to join us today for
00:00:10 --> 00:00:14:	this conversation about closing the racial home ownership gap.
00:00:15 --> 00:00:18:	As you all may know, if you're in the room
00:00:18 --> 00:00:23:	today, home ownership among households of color remains low, lower
00:00:23 --> 00:00:26:	than those white households, and has for some time.
00:00:26 --> 00:00:29:	So we're going to delve into that topic a little
00:00:29 --> 00:00:33:	bit further today, understand what the causes are for that,
00:00:33 --> 00:00:36:	and what a more equitable future could look like.
00:00:36 --> 00:00:39:	I wanted to share a few statistics with you, and
00:00:39 --> 00:00:42:	then we'll do introductions of the panel and provide a
00:00:42 --> 00:00:45:	presentation that gives you a little bit of context for
00:00:45 --> 00:00:46:	the conversation today.
00:00:47 --> 00:00:52:	So in 2004, I'm sorry, in 2024, the home ownership
00:00:52 --> 00:00:55:	rate in the United States was 66%.
00:00:56 --> 00:01:01:	Of that, 74% of White households were homeowners, 46% of
00:01:01 --> 00:01:07:	Black households were homeowners, 62% of Asian households were homeowners,
00:01:07 --> 00:01:11:	and 50% of Hispanic households were homeowners.
00:01:12 --> 00:01:14:	And there was one really kind of poignant fact I
00:01:14 --> 00:01:17:	wanted to put out to share with you as well.
00:01:17 --> 00:01:23:	For Black families, the present gap of 28.5% is actually
00:01:23 --> 00:01:27:	higher than the gap was in 1968 years before the
00:01:27 --> 00:01:30:	Fair Home Ownership Act was passed.
00:01:31 --> 00:01:34:	So we actually are not making progress and we want
00:01:34 --> 00:01:38:	to talk about why that is and what some solutions

00:01:38 --> 00:01:42: are that we could employ in order to advance this
00:01:42 --> 00:01:42: work.
00:01:44 --> 00:01:47: Another piece of information I wanted to share is around
00:01:47 --> 00:01:49: the importance of homeownership.
00:01:49 --> 00:01:51: Why are we having this conversation?
00:01:51 --> 00:01:52: Why does it matter?
00:01:52 --> 00:01:55: It matters because as you all I'm sure are aware,
00:01:56 --> 00:01:58: homeownership is key to wealth creation.
00:01:59 --> 00:02:04: Homeowners have almost 40 times the wealth of renters and
00:02:04 --> 00:02:08: today the wealth gap between owners and renters has reached
00:02:08 --> 00:02:13: a record high, and this is particularly pronounced for Black
00:02:13 --> 00:02:14: households.
00:02:14 --> 00:02:18: The racial wealth gap nationally in the United States is
00:02:18 --> 00:02:22: 12 to one, meaning white families have 12 times the
00:02:22 --> 00:02:23: wealth of Black families.
00:02:24 --> 00:02:27: And that really is directly attributed to the fact that
00:02:27 --> 00:02:30: Black families and other families of colour have not been
00:02:30 --> 00:02:33: able to access home ownership in the same way as
00:02:33 --> 00:02:34: white families.
00:02:35 --> 00:02:38: So we're going to do introductions and then delve into
00:02:38 --> 00:02:39: the conversation.
00:02:39 --> 00:02:40: My name's Amanda Ryan.
00:02:40 --> 00:02:43: I'm the executive director of the Atlanta Land Trust.
00:02:43 --> 00:02:46: We are a nonprofit organization that is working to create
00:02:46 --> 00:02:50: permanently affordable housing to support inclusive and equitable communities across
00:02:50 --> 00:02:53: the city of Atlanta through a community Land Trust model.
00:02:55 --> 00:02:56: Cindy, you want to go?
00:02:56 --> 00:02:57: Oh, thank you.
00:02:57 --> 00:02:58: I'm Cindy Chance.
00:02:58 --> 00:03:02: I'm the founder and principal of Foster Chance, a consulting
00:03:02 --> 00:03:06: firm that is partnering with real estate related organizations to
00:03:06 --> 00:03:06: do good.
00:03:06 --> 00:03:10: I was formerly the CEO of the Appraisal Institute and
00:03:10 --> 00:03:12: an executive vice president at ULI.
00:03:14 --> 00:03:16: Good afternoon, everyone.
00:03:16 --> 00:03:16: I'm Ashanti.
00:03:16 --> 00:03:19: Omar and I serve as Senior Vice President of Strategic
00:03:19 --> 00:03:23: Housing Investments for the Atlanta Neighborhood Development Partnership.
00:03:23 --> 00:03:27: We are a regional, not-for-profit.
00:03:27 --> 00:03:30: We've been around for about 35 years almost, and we

00:03:30 --> 00:03:35:	focus on creating scalable housing solutions that really focus on
00:03:35 --> 00:03:40:	promoting racial equity and creating healthy neighborhoods across the 10
00:03:40 --> 00:03:42:	county metro Atlanta region.
00:03:42 --> 00:03:44:	Greetings, I'm Bonnie Stewart.
00:03:44 --> 00:03:46:	I am a mortgage loan originator.
00:03:46 --> 00:03:50:	I've been originating loans for 25 years with a 98%
00:03:50 --> 00:03:52:	success ratio closing ratio.
00:03:52 --> 00:03:56:	I've for the past 20 years been in the affordable
00:03:56 --> 00:04:01:	space working with various organizations, with a Chinese organization, with
00:04:01 --> 00:04:03:	the Land Trust, as well as well as a whole
00:04:03 --> 00:04:08:	host of different down payment assistance programs to make home
00:04:08 --> 00:04:09:	ownership more affordable.
00:04:11 --> 00:04:11:	So yeah.
00:04:13 --> 00:04:15:	And hello everyone, I'm glad to be here.
00:04:15 --> 00:04:18:	I'm Jung Choi, I'm a principal research associate at the
00:04:18 --> 00:04:19:	Urban Institute.
00:04:19 --> 00:04:22:	And today I will share some of the data that
00:04:22 --> 00:04:26:	shows that the current trends of the racial home ownership
00:04:26 --> 00:04:30:	gap building what Amanda already have kind of shared with
00:04:30 --> 00:04:32:	us in the introduction.
00:04:33 --> 00:04:35:	So should we move right in?
00:04:35 --> 00:04:41:	OK, so, so this is the focus of today's presentation.
00:04:41 --> 00:04:44:	So Amanda did mention that a home ownership rate, home
00:04:44 --> 00:04:48:	ownership is one of the key wealth building tools in
00:04:48 --> 00:04:50:	the US We will look at that a little bit
00:04:50 --> 00:04:53:	with some of the recent research and then I will
00:04:53 --> 00:04:57:	focus on the racial homeownership disparity, some of the current
00:04:57 --> 00:04:59:	trends and status.
00:04:59 --> 00:05:02:	And then we will talk about existing barriers and then
00:05:02 --> 00:05:04:	we'll open it up to the discussion.
00:05:04 --> 00:05:07:	And before I move on to the solution slides and
00:05:07 --> 00:05:10:	I'll do a little introduction of upward mobility dashboard, which
00:05:11 --> 00:05:14:	shows a lot of different indicator that is correlated with
00:05:14 --> 00:05:17:	the racial homeownership gap that you can all take a
00:05:17 --> 00:05:19:	look into better understand your community.
00:05:19 --> 00:05:22:	So the first part is like going to focus more
00:05:22 --> 00:05:25:	on the national level data and then I will share,
00:05:25 --> 00:05:27:	share with you some of the local level data that

00:05:28 --> 00:05:29: you can further explore.
00:05:30 --> 00:05:32: So homeownership and wealth.
00:05:32 --> 00:05:36: So according to our study that says the most recent
00:05:36 --> 00:05:40: data, the 2022 Survey of Consumer Housing Community Finance data
00:05:40 --> 00:05:45: finds that the wealth gap between homeowners and renters have
00:05:45 --> 00:05:48: reached historically historic high in 2022.
00:05:48 --> 00:05:52: These are all interest rate adjusted dollars.
00:05:52 --> 00:05:56: And what we find is that between 1989 and 2022,
00:05:56 --> 00:06:02: the median wealth gap between homeowners and renters have increased
00:06:02 --> 00:06:07: by 70% and the average wealth gap increased by 258%.
00:06:07 --> 00:06:10: And especially in the past decades, we all know that
00:06:10 --> 00:06:13: there has been an acute housing supply shortage.
00:06:13 --> 00:06:17: So the how homeowners who have been successfully entered into
00:06:17 --> 00:06:20: home ownership has really kind of built a lot of
00:06:20 --> 00:06:24: housing wealth that really drove the median wealth gap increase.
00:06:25 --> 00:06:28: We also looked at the difference between financial wealth, thinking
00:06:28 --> 00:06:31: that maybe renters have been investing in the financial market.
00:06:31 --> 00:06:34: But what we saw in the past decade is that
00:06:34 --> 00:06:38: the financial wealth gap also increased significantly because a lot
00:06:38 --> 00:06:41: of the renters don't really have made much savings after
00:06:41 --> 00:06:45: paying for the housing to make investment in the financial
00:06:45 --> 00:06:45: sector.
00:06:46 --> 00:06:49: So home ownership effects future wealth.
00:06:49 --> 00:06:52: One of the research finds that if you buy your
00:06:52 --> 00:06:57: home earlier in your life, you have significantly greater wealth
00:06:57 --> 00:06:59: at age or near retirement.
00:06:59 --> 00:07:01: And we saw in the lunch session that a lot
00:07:01 --> 00:07:04: of the younger generations are living with their parents, so
00:07:04 --> 00:07:07: this could potentially impact their long term wealth.
00:07:08 --> 00:07:10: And we also know that home ownership is not only
00:07:10 --> 00:07:13: going to affect your own wealth, but it's likely to
00:07:13 --> 00:07:16: affect the wealth of your children because a lot of
00:07:16 --> 00:07:20: the parents support their home ownership through down payment assistance.
00:07:21 --> 00:07:23: And what we find from the data is that the
00:07:23 --> 00:07:27: children of homeowning parents are more likely to be

homeowners

00:07:27 --> 00:07:31: after controlling for all other factors that affect home ownership.

00:07:31 --> 00:07:34: So in the recent market, we know that accessing home

00:07:34 --> 00:07:38: ownership has become more challenging, especially for those with lower

00:07:38 --> 00:07:39: income and lower wealth.

00:07:39 --> 00:07:43: And this can really have a long term consequences in

00:07:43 --> 00:07:45: the wealth inequality in this country.

00:07:47 --> 00:07:51: So let's look at some of the racial homeownership trends.

00:07:51 --> 00:07:55: So House of the Colour will drive the future home

00:07:55 --> 00:07:56: buying market.

00:07:56 --> 00:08:00: This is our projection showing that between 2020 and 2040,

00:08:00 --> 00:08:04: all net house stools and home ownership growth will come

00:08:04 --> 00:08:08: from households of color and this is in particular be

00:08:08 --> 00:08:10: driven by Latino households.

00:08:10 --> 00:08:13: What we see is that more than half of the

00:08:13 --> 00:08:17: growth in new households will come from Latino households and

00:08:17 --> 00:08:20: more than 70% of net new homeowners will come from

00:08:20 --> 00:08:21: Latino households.

00:08:22 --> 00:08:25: I do want to mention that this projection has been

00:08:25 --> 00:08:26: done prior to the pandemic.

00:08:26 --> 00:08:29: I think it we used the 2019 number.

00:08:29 --> 00:08:31: So we are in the process of trying to update

00:08:31 --> 00:08:34: this number with some of the more recent trends.

00:08:35 --> 00:08:38: But this all shows that the main, I don't think

00:08:38 --> 00:08:41: the main finding will change even if we use the

00:08:41 --> 00:08:42: most recent data.

00:08:42 --> 00:08:45: And this is actually suggesting that we really do need

00:08:46 --> 00:08:49: to understand our needs and the characteristics of our home

00:08:49 --> 00:08:53: buyers of color who will drive the mortgage market for

00:08:53 --> 00:08:56: all the people in the housing industry.

00:08:56 --> 00:09:00: So the racial homeownership gap has declined slightly in the

00:09:00 --> 00:09:01: recent years.

00:09:01 --> 00:09:06: So the yellow line is a black homeownership rate, the

00:09:07 --> 00:09:11: red is Latino, and Asian is the blue, and the

00:09:11 --> 00:09:13: white is the Gray.

00:09:13 --> 00:09:15: And the white hasn't really changed that much over the

00:09:15 --> 00:09:16: past years.

00:09:16 --> 00:09:19: But what we saw to our pleasant surprises when the

00:09:19 --> 00:09:22: pandemic hit, I think a lot of people in this

00:09:22 --> 00:09:26: room, including myself, was like super worried that we're

going
00:09:26 --> 00:09:29: to see a greater widening of the racial homeownership gap,
00:09:29 --> 00:09:33: especially finding that a lot of the high unemployment rate
00:09:33 --> 00:09:36: happened in like among the Latino and the Black community.
00:09:36 --> 00:09:39: But to our present surprise, we did see a slightly
00:09:39 --> 00:09:43: faster increase in homeownership rate of Black and Latino households
00:09:43 --> 00:09:45: during the pandemic.
00:09:45 --> 00:09:48: So there has been a slight reduction over the past
00:09:48 --> 00:09:51: couple of years, although the gap is still very large.
00:09:51 --> 00:09:55: But I don't think this trend would likely to continue
00:09:55 --> 00:09:58: because what we see amidst like the high home prices
00:09:58 --> 00:10:02: and the significant rise in interest rate is that the
00:10:02 --> 00:10:06: mortgage denier rate has been increasing especially more for a
00:10:06 --> 00:10:08: Latino and black households.
00:10:08 --> 00:10:12: So currently a black bore mortgage denier rate is about
00:10:12 --> 00:10:15: 19% and you can see that from 2021 there has
00:10:16 --> 00:10:17: been an increase.
00:10:17 --> 00:10:21: A Latino mortgage denier rate is also high at 14%.
00:10:21 --> 00:10:24: If you look at the white mortgage denial rate that
00:10:25 --> 00:10:27: has been relatively constant at 8%.
00:10:28 --> 00:10:32: So why, What leads to what are the reasons for
00:10:32 --> 00:10:34: mortgage denial rate?
00:10:35 --> 00:10:39: Debt to income ratio has become the most frequently mentioned
00:10:39 --> 00:10:43: reason for mortgage denial rate in the recent high interest
00:10:43 --> 00:10:44: rate environment.
00:10:44 --> 00:10:47: So we see if you look at the black and
00:10:47 --> 00:10:51: Latino numbers about or more than 47% of black and
00:10:51 --> 00:10:56: Latino boards are declined because of high DTI ratio.
00:10:56 --> 00:10:59: And if you if you look, look at the numbers
00:10:59 --> 00:11:03: in 2021 when the interest rate was significantly lower, that
00:11:03 --> 00:11:05: number was about 39%.
00:11:05 --> 00:11:08: So there has been about 8 percentage point increase of
00:11:08 --> 00:11:11: in the share of those who are denied because of
00:11:11 --> 00:11:14: debt to income ratio and then credit history as the
00:11:14 --> 00:11:17: second most frequently mentioned reason.
00:11:17 --> 00:11:21: For black households, it accounts for about 26% and for
00:11:21 --> 00:11:24: Latinos it accounts for about 17.5%.
00:11:26 --> 00:11:29: And also what we're seeing in this recent environment is
00:11:29 --> 00:11:32: that those who are able to buy a home, they
00:11:32 --> 00:11:35: are buying with a higher debt to income ratio.

00:11:36 --> 00:11:39:	And that increase has also been steep for all house
00:11:39 --> 00:11:40:	stores.
00:11:40 --> 00:11:44:	But then those with debt to income ratio above 45%
00:11:44 --> 00:11:49:	is especially high among Latino and black boards.
00:11:49 --> 00:11:52:	And another thing that happened during the past couple of
00:11:52 --> 00:11:56:	years is that those who apply for mortgages have significant
00:11:56 --> 00:11:56:	dropped.
00:11:56 --> 00:12:00:	So there has been about 26% drop in Latino mortgage
00:12:00 --> 00:12:04:	applicants and about 30% drop in the black mortgage applicants.
00:12:05 --> 00:12:07:	So all this is showing is that with the rising
00:12:07 --> 00:12:10:	interest rate, with high home prices, a lot of people
00:12:10 --> 00:12:13:	are discouraged from applying for mortgages.
00:12:13 --> 00:12:16:	Those who are applying are more likely to be denied
00:12:16 --> 00:12:20:	and those who are successfully have entered into homeownership, they're
00:12:20 --> 00:12:22:	taking significantly higher debt.
00:12:23 --> 00:12:27:	So another thing is that Black and Latino households face
00:12:27 --> 00:12:32:	greater challenges accessing homeownership because they have a higher share
00:12:32 --> 00:12:36:	of adult individuals with low or no credit score.
00:12:36 --> 00:12:40:	So this to the right is the vanished score distribution
00:12:40 --> 00:12:44:	and the blue and the yellow bar added is those
00:12:44 --> 00:12:46:	with vanished score below 660.
00:12:46 --> 00:12:50:	And you can see that among black hustles, about 55%
00:12:50 --> 00:12:55:	of black individuals have vanished course below 660 and about
00:12:55 --> 00:12:58:	43% of Latinos are in that bucket and is higher
00:12:58 --> 00:13:02:	than all the other recent ethnic groups.
00:13:02 --> 00:13:05:	And what we also see from the Banner score data
00:13:05 --> 00:13:07:	is that you see that the red up bar there
00:13:07 --> 00:13:10:	is like those with no scores and that is really
00:13:10 --> 00:13:14:	low because banner score actually is able to kind of
00:13:14 --> 00:13:16:	they use all the thin files and they use the
00:13:16 --> 00:13:20:	machine learning techniques to give scores to all the thin
00:13:20 --> 00:13:20:	filers.
00:13:21 --> 00:13:24:	But Banner score is currently being reviewed and in the
00:13:24 --> 00:13:26:	process of being used in mortgage underwriting.
00:13:27 --> 00:13:30:	We are still relying on the classic FICO score.
00:13:30 --> 00:13:34:	We don't have that information for the recent, most recent
00:13:34 --> 00:13:38:	numbers, but in the 20/20/2018 classic FICO scores that we
00:13:38 --> 00:13:42:	still use in the current mortgage underwriting space, about 30%

00:13:42 --> 00:13:46: of Black adults didn't have a classic FICO score and
00:13:46 --> 00:13:50: 27 percent of Latino health individuals didn't have a classic
00:13:50 --> 00:13:51: FICO score.
00:13:51 --> 00:13:55: And those who are scores below 620 is also significantly
00:13:55 --> 00:13:57: higher for Black and Latinos.
00:13:57 --> 00:14:02: 34% of Black individuals didn't have had scores below 620
00:14:02 --> 00:14:06: and 23% of Latinos had scores below 620.
00:14:07 --> 00:14:11: And black and Latino households are also putting lower down
00:14:12 --> 00:14:12: payment.
00:14:12 --> 00:14:15: So this graph shows the share of home buyers who
00:14:15 --> 00:14:17: put 10% or more down.
00:14:17 --> 00:14:21: And the yellow bar is the 2023 numbers.
00:14:21 --> 00:14:25: So black boards about 23% put 10% or more down
00:14:25 --> 00:14:31: and Latino boards about 34% and that is significantly lower
00:14:31 --> 00:14:35: than Asian boards who about 70% of them actually put
00:14:35 --> 00:14:39: 10% or more down and 54% of white put more
00:14:39 --> 00:14:42: 10% or more down as down payment.
00:14:42 --> 00:14:46: So if you put more down payment that reduces your
00:14:46 --> 00:14:50: DTI ratio and that also impacts your that lowers the
00:14:50 --> 00:14:55: cost of mortgages and also insurance costs during the life
00:14:55 --> 00:14:56: of the loan.
00:14:56 --> 00:14:59: And what we also see from this data is that
00:14:59 --> 00:15:03: still for all the groups there has been an increase
00:15:03 --> 00:15:06: of boards who put more down payment to access home
00:15:07 --> 00:15:07: buying.
00:15:07 --> 00:15:11: So this shows that in this current market, you do
00:15:11 --> 00:15:15: have to put more down payment to become more competitive
00:15:15 --> 00:15:18: and also the lower to lower the DTI ratio and
00:15:18 --> 00:15:21: become a successful in purchasing a home.
00:15:21 --> 00:15:26: So why are black and Latino households putting less down
00:15:26 --> 00:15:26: payment?
00:15:26 --> 00:15:29: The lower down payment is related to the fact that
00:15:29 --> 00:15:31: they are more likely to be rent burden.
00:15:31 --> 00:15:35: So they don't have much income left after paying for
00:15:35 --> 00:15:37: housing to save for future down payment.
00:15:38 --> 00:15:41: They also have lower median wealth and they are also
00:15:41 --> 00:15:45: less likely to receive inheritance from their family members.
00:15:45 --> 00:15:49: And with that I will pause and pass it back
00:15:50 --> 00:15:50: to great.
00:15:51 --> 00:15:51: Thanks, John.
00:15:51 --> 00:15:54: OK, Cindy, let's take a step back now and try
00:15:54 --> 00:15:58: and understand the historical context for this conversation.

00:15:58 --> 00:16:01: Can you talk to us about the policies, the systems,
00:16:01 --> 00:16:05: the institutions that created the environment in which it is
00:16:05 --> 00:16:09: more difficult for homeowners of color to access home ownership?
00:16:10 --> 00:16:10: Yes.
00:16:10 --> 00:16:14: So I probably don't need to talk to this audience
00:16:14 --> 00:16:18: in too great detail about the history, but just to
00:16:18 --> 00:16:23: say starting with covenants and moving to redlining, it was
00:16:23 --> 00:16:28: a result of not only private policies, but also government
00:16:28 --> 00:16:35: policies and banking policies that excluded particularly black folks from
00:16:35 --> 00:16:38: home ownership that they wished to have.
00:16:38 --> 00:16:42: So it wasn't an overwhelming you can't own a home,
00:16:42 --> 00:16:46: but it was something that in some ways is more
00:16:46 --> 00:16:47: subversive.
00:16:47 --> 00:16:50: You can't own a home where you would wish to
00:16:50 --> 00:16:50: live.
00:16:50 --> 00:16:54: You can't expect fair treatment at a bank.
00:16:54 --> 00:16:59: And the reason I say that so starkly is because
00:16:59 --> 00:17:04: I think that's had a devastating impact over time, above
00:17:04 --> 00:17:08: and beyond the impact of the family wealth.
00:17:08 --> 00:17:12: That just wasn't created as a result of the practice.
00:17:13 --> 00:17:17: And the impact really has to do with not trusting
00:17:17 --> 00:17:19: in the system.
00:17:19 --> 00:17:23: And I also want to say there's been research done
00:17:23 --> 00:17:25: on this issue of credit scores.
00:17:26 --> 00:17:30: Credit scoring in the beginning of its inception was really
00:17:30 --> 00:17:33: a question about your moral character.
00:17:33 --> 00:17:37: Were you an upstanding member of society that people could
00:17:37 --> 00:17:37: count on?
00:17:38 --> 00:17:42: And academics like Doctor Vanessa Perry have done work that
00:17:42 --> 00:17:46: suggests that some vestiges of that kind of moral assessment
00:17:46 --> 00:17:51: of character remain in our current methods of credit scoring.
00:17:51 --> 00:17:53: So why do I mention this?
00:17:53 --> 00:17:59: Because there's still a kind of a stigma associated with
00:17:59 --> 00:18:05: feeling like that aspect of one of assessment of oneself
00:18:06 --> 00:18:07: hasn't gone well.
00:18:08 --> 00:18:13: And it does have an impact and requires really thoughtful
00:18:13 --> 00:18:17: approaches from lenders to be able to overcome that.
00:18:18 --> 00:18:25: Now Fast forward in our lifetimes, In my lifetime specifically,
00:18:25 --> 00:18:31: all of the work to create equality of opportunity has

00:18:31 --> 00:18:32: happened.
00:18:34 --> 00:18:38: How could we think that it has been wholly successful
00:18:38 --> 00:18:41: when there was such a very long history of inequality?
00:18:42 --> 00:18:46: Women couldn't get loans on their own until the late
00:18:46 --> 00:18:46: 70s.
00:18:46 --> 00:18:47: So.
00:18:48 --> 00:18:52: So let's consider the history and think about what type
00:18:52 --> 00:18:56: of not only inequality we saw that creating over time,
00:18:56 --> 00:19:00: but also the sense of being left out that that
00:19:00 --> 00:19:03: discourages people from making the attempt.
00:19:05 --> 00:19:10: There's been a lot of talk lately about appraisal bias
00:19:10 --> 00:19:12: and valuation bias.
00:19:13 --> 00:19:17: And based on my research, what I've seen is that
00:19:17 --> 00:19:23: that's mainly associated with long term structural issues like redlining
00:19:23 --> 00:19:29: that had long term impacts on investment within neighborhoods and
00:19:29 --> 00:19:30: communities.
00:19:31 --> 00:19:34: And so it tells us we have a lot to
00:19:34 --> 00:19:35: address.
00:19:35 --> 00:19:38: It doesn't tell us how best to address it.
00:19:38 --> 00:19:40: And I think that's part of what we're talking about
00:19:40 --> 00:19:40: here.
00:19:40 --> 00:19:41: Yeah, absolutely.
00:19:41 --> 00:19:43: And I do want to share one other data point
00:19:43 --> 00:19:45: to to that point you just made.
00:19:45 --> 00:19:51: According to Brookings, homes in majority Black neighborhoods are undervalued
00:19:51 --> 00:19:56: by 23% on average, which then results in a deprivation
00:19:56 --> 00:19:59: of those homeowners of 156 billion in equity.
00:20:00 --> 00:20:03: So certainly it it continues today.
00:20:03 --> 00:20:05: So I'm curious from you all, how do you, we
00:20:05 --> 00:20:08: understand kind of the root of the issue, but how
00:20:08 --> 00:20:12: do you view the problem today from your unique position
00:20:12 --> 00:20:13: in the real estate industry?
00:20:14 --> 00:20:15: Shawna, you want to go first?
00:20:15 --> 00:20:16: Yeah, yeah.
00:20:16 --> 00:20:18: So thank you, Amanda for for having us and thank
00:20:18 --> 00:20:20: you all for being here today.
00:20:20 --> 00:20:22: A great framing.
00:20:22 --> 00:20:26: I feel like John, you really sort of hit on
00:20:26 --> 00:20:29: some of the key issues and Cindy just sort of
00:20:29 --> 00:20:34: laying the foundational groundwork on how where we have

come
00:20:34 --> 00:20:34: from.
00:20:34 --> 00:20:37: And the first thing that came to mind when you
00:20:37 --> 00:20:41: were presenting, John was everybody has learned about the time
00:20:41 --> 00:20:43: value of money, right?
00:20:43 --> 00:20:46: Like I know when I first worked for Marilyn Davis
00:20:46 --> 00:20:49: over 20 something years ago, you know, I had to
00:20:49 --> 00:20:52: open up my my first 401K And you know, they
00:20:52 --> 00:20:56: were, I remember learning like, you know, the benefit of
00:20:56 --> 00:21:00: having this opportunity to invest a dollar now 20 something
00:21:00 --> 00:21:04: years ago because of the benefit that it will have
00:21:04 --> 00:21:04: today.
00:21:05 --> 00:21:10: When we think about the exclusionary policies that were enforced
00:21:10 --> 00:21:15: on a federal estate and a local level that excluded
00:21:15 --> 00:21:19: whole groups from being having a chance to either take
00:21:19 --> 00:21:24: advantage of low interest rates or buy homes in certain
00:21:24 --> 00:21:29: neighborhoods that have now significantly appreciated and that have also
00:21:30 --> 00:21:35: otherwise would have, you know, financed their children's education or
00:21:35 --> 00:21:37: their businesses.
00:21:37 --> 00:21:40: There is that is a part of this gap that
00:21:40 --> 00:21:44: we see when people don't have enough money for down
00:21:44 --> 00:21:49: payment assistance, when people don't have cannot afford to compete
00:21:49 --> 00:21:51: in the current market.
00:21:51 --> 00:21:53: And so I think I just think it's important that
00:21:53 --> 00:21:56: we're able to really lift up the fact that we
00:21:56 --> 00:21:57: are still playing catch up.
00:21:58 --> 00:22:01: When you talk about the gap still being similar to
00:22:01 --> 00:22:04: what it was back when we first implemented this act
00:22:04 --> 00:22:06: in 1968, that's a very big deal.
00:22:07 --> 00:22:11: Having said that, you know 58 years later or 57
00:22:11 --> 00:22:14: years later, I think from a supply side we've talked
00:22:14 --> 00:22:15: a lot.
00:22:15 --> 00:22:18: You know earlier today in our keynote we heard about
00:22:18 --> 00:22:20: the shortage of of supply.
00:22:20 --> 00:22:22: That is a very real issue here.
00:22:23 --> 00:22:25: I can speak for Atlanta since that's the market that
00:22:25 --> 00:22:26: I deal with.
00:22:26 --> 00:22:27: In a five year.

00:22:27 --> 00:22:31:	We lost 135 units that would otherwise be a part
00:22:31 --> 00:22:33:	of our market.
00:22:33 --> 00:22:34:	I think that's one big piece.
00:22:34 --> 00:22:38:	Another thing that we have focused on at A and
00:22:38 --> 00:22:42:	EP is this the presence of institutional activity.
00:22:43 --> 00:22:45:	We had, we talked about it a little, but we
00:22:45 --> 00:22:46:	didn't talk about it earlier.
00:22:46 --> 00:22:49:	We talked about this outperformance that we see on the
00:22:50 --> 00:22:54:	single family rental side, which is driven by institutional investor
00:22:54 --> 00:22:57:	activity and we talked about the shortage, we talked about
00:22:57 --> 00:23:00:	all the people who are still living in their parents
00:23:00 --> 00:23:02:	basements, but we didn't say why.
00:23:03 --> 00:23:05:	And a part of that again here in Atlanta, there
00:23:05 --> 00:23:08:	was a time I think back in 2021 where a
00:23:08 --> 00:23:11:	third of our housing stock was owned by institutional investors.
00:23:12 --> 00:23:14:	We have not recovered from the pack back that we
00:23:14 --> 00:23:14:	are.
00:23:15 --> 00:23:16:	We've been underbuilt.
00:23:17 --> 00:23:20:	We had a whole Great Recession where a lot of
00:23:20 --> 00:23:24:	our builders who would have otherwise been creating a starter
00:23:24 --> 00:23:28:	homes or affordable housing, they never came back.
00:23:28 --> 00:23:32:	So here we are 15 years later and we are
00:23:32 --> 00:23:35:	still playing catch up in many ways.
00:23:35 --> 00:23:38:	And then lastly, I'll say on the demand side, you
00:23:38 --> 00:23:41:	know, again, as we think about the fact that people
00:23:41 --> 00:23:44:	can't afford to buy as much house, you know, we're,
00:23:44 --> 00:23:47:	we're dealing with the rising cost in construction.
00:23:47 --> 00:23:49:	We're dealing with the fact that people need access to
00:23:50 --> 00:23:52:	down payment assistance to catch up that gap.
00:23:53 --> 00:23:57:	We're dealing with just income inequality in general.
00:23:57 --> 00:24:00:	So our, our wages have not kept up with the
00:24:00 --> 00:24:03:	cost of what it means to purchase a house or
00:24:04 --> 00:24:07:	even find a place to live if you're renting.
00:24:07 --> 00:24:09:	So I'll, I'll sort of stop there.
00:24:09 --> 00:24:11:	Yeah, Bonnie, how many thing you want to add?
00:24:12 --> 00:24:15:	I'm from the mortgage lending side, a couple of things,
00:24:15 --> 00:24:19:	but I also wanted to mention from the appraisal standpoint,
00:24:19 --> 00:24:22:	there is a push now and the Greater Atlanta Urban
00:24:22 --> 00:24:25:	League has a great push to get more minority appraisers
00:24:25 --> 00:24:28:	and hopefully that will address some of the redlining and

00:24:28 --> 00:24:30: low appraisal values as well.
00:24:31 --> 00:24:34: In addition, in terms of like what you said, I
00:24:34 --> 00:24:37: know in this market here in Atlanta and I know
00:24:37 --> 00:24:41: it's across the nation, there are so many new subdivisions
00:24:41 --> 00:24:44: that are being built to rent, only to rent.
00:24:44 --> 00:24:47: And that's a huge problem because again, we still have
00:24:47 --> 00:24:48: the housing supply shortage.
00:24:49 --> 00:24:52: So that just, you know, makes the problem even greater.
00:24:52 --> 00:24:57: And then currently today, we also are dealing with insurance
00:24:57 --> 00:25:01: issues, you know, the rising cost of insurance as well
00:25:01 --> 00:25:06: as property taxes with the neighborhoods that once were undervalued,
00:25:06 --> 00:25:10: that now there are spot bills where they're turning down
00:25:10 --> 00:25:11: one home.
00:25:11 --> 00:25:14: And next door there there's a, you know, more affordable
00:25:14 --> 00:25:17: home going against a home that's 600,000.
00:25:17 --> 00:25:21: That's raising the taxes, the property taxes for the legacy
00:25:21 --> 00:25:22: homeowners.
00:25:22 --> 00:25:25: And so all those are still problems.
00:25:25 --> 00:25:27: And I'm not sure you know how the government's going
00:25:28 --> 00:25:31: to be addressing those, but it really, really needs to
00:25:31 --> 00:25:34: be addressed because it's going to further create this big
00:25:34 --> 00:25:35: divide.
00:25:35 --> 00:25:37: Absolutely, Cindy, you want to add anything?
00:25:39 --> 00:25:43: I think that the when it comes to appraisals in
00:25:43 --> 00:25:49: particular, the appraisal profession is notoriously white and older by
00:25:49 --> 00:25:53: the way, which can't possibly be a good thing that
00:25:53 --> 00:25:58: that that having been said, the practice of appraising, you
00:25:58 --> 00:26:01: know, relies on standards, etcetera.
00:26:01 --> 00:26:03: And, and this is sort of the guarantee to the,
00:26:03 --> 00:26:06: to the system that the value of what you're paying
00:26:06 --> 00:26:09: is actually what you can get out of it.
00:26:09 --> 00:26:13: So, so I think although it matters, it's, it's probably
00:26:13 --> 00:26:16: not the area of focus that we wish it were.
00:26:16 --> 00:26:18: We wish there were a magic bullet that would solve
00:26:18 --> 00:26:19: the problem.
00:26:19 --> 00:26:22: And this is very far down the transaction path, you
00:26:22 --> 00:26:24: know, where you get to that point.
00:26:25 --> 00:26:28: So just just as a matter of fact, I think
00:26:28 --> 00:26:32: that we need to look to to other areas for
00:26:32 --> 00:26:35: better solutions to the issue, right?

00:26:37 --> 00:26:40:	Well, let's, let's focus on some solutions now and try
00:26:40 --> 00:26:42:	and, and take a more positive perspective.
00:26:42 --> 00:26:47:	So Bonnie, according to the Mortgage Research Center, Atlanta actually
00:26:47 --> 00:26:50:	has produced more black home buyers than any other city.
00:26:50 --> 00:26:52:	So we're doing something right here.
00:26:53 --> 00:26:55:	I'll do in large part, I'm sure to the work
00:26:55 --> 00:26:56:	that you're doing because I know you get all of
00:26:56 --> 00:26:57:	our homeowners closed.
00:26:58 --> 00:27:01:	So we'd love to hear from your perspective about what
00:27:01 --> 00:27:05:	what's working specifically within your organization and maybe more broadly
00:27:05 --> 00:27:06:	within the industry in Atlanta.
00:27:07 --> 00:27:10:	All right, the company I work for, Calcom Mutual Mortgage,
00:27:11 --> 00:27:15:	embraces all the different programs and incentives to create home
00:27:15 --> 00:27:16:	ownership.
00:27:17 --> 00:27:19:	I know particularly here in Atlanta, we do a ton
00:27:19 --> 00:27:21:	of down payment assistance programs.
00:27:22 --> 00:27:25:	A lot of my buyers, I get 50 to $60,000
00:27:25 --> 00:27:26:	to to help.
00:27:26 --> 00:27:30:	And then the Land Trust makes home ownership more affordable.
00:27:30 --> 00:27:32:	To give you an example, there was a new construction
00:27:33 --> 00:27:34:	community with some workforce housing.
00:27:35 --> 00:27:39:	The appraisal value came in like a 45468 and there
00:27:39 --> 00:27:43:	were homeowners who were able to purchase at the price
00:27:43 --> 00:27:46:	of 250 and receive 50 to 60,000 in down payment
00:27:46 --> 00:27:51:	assistance so that where they could have never afforded that
00:27:51 --> 00:27:52:	particular home.
00:27:52 --> 00:27:55:	So doing things like that really helps.
00:27:55 --> 00:27:59:	The other thing that my organization is doing, I don't
00:27:59 --> 00:28:02:	know if you've guys heard about the SPCPS special purpose
00:28:02 --> 00:28:03:	credit programs.
00:28:04 --> 00:28:06:	So just to give you an overview of what the
00:28:06 --> 00:28:09:	CFPB has written about it and why the programs are
00:28:09 --> 00:28:11:	being pushed forward.
00:28:11 --> 00:28:14:	If they said that there's far too many minority households
00:28:14 --> 00:28:17:	and businesses continue to lack fair and equitable access to
00:28:17 --> 00:28:17:	credit.
00:28:18 --> 00:28:23:	This critical unmet need, coupled with historic and ongoing discrimination
00:28:23 --> 00:28:28:	such as redlining, has exacerbated the racial wealth divide

	and
00:28:28 --> 00:28:32:	continues to leave many communities shut out from and underserved
00:28:32 --> 00:28:33:	by lenders.
00:28:34 --> 00:28:37:	The CFPB joins seven other federal agencies in issuing a
00:28:37 --> 00:28:42:	statement encouraging lenders to explore opportunities available to them to
00:28:42 --> 00:28:47:	increase access to credit through special purpose credit programs to
00:28:47 --> 00:28:51:	better serve historically disadvantaged individuals and communities.
00:28:52 --> 00:28:56:	So, responding to the credit needs of individuals and communities,
00:28:56 --> 00:29:00:	under federal law, lenders are permitted to design and implement
00:29:01 --> 00:29:04:	SPCPS to extend credit to a class of person who
00:29:04 --> 00:29:08:	would otherwise be denied credit or would receive it in
00:29:08 --> 00:29:11:	a less favorable terms or under certain conditions.
00:29:11 --> 00:29:17:	In particular, the Equitable, the Well Equal Credit Opportunity Act,
00:29:17 --> 00:29:21:	ECOA, and Regulation B permit creditors to offer or participate
00:29:21 --> 00:29:24:	in SPCPS to meet special social needs.
00:29:25 --> 00:29:28:	And they can do this through any credit assistance program
00:29:28 --> 00:29:31:	that's authorized by the federal or state laws for the
00:29:31 --> 00:29:35:	benefit of an economically disadvantaged class of persons.
00:29:35 --> 00:29:38:	Any credit assistance program offered by a non for profit
00:29:38 --> 00:29:42:	organization for the benefit of its members or an economically
00:29:42 --> 00:29:44:	disadvantaged class of persons.
00:29:44 --> 00:29:48:	Any SBC offered by a for profit organization to the
00:29:48 --> 00:29:52:	US lenders in which such an organization participates to meet
00:29:52 --> 00:29:56:	special social needs if it meets certain standards prescribed in
00:29:56 --> 00:29:58:	the regulations by the Bureau.
00:29:59 --> 00:30:02:	Now As for it pertains to a not for for
00:30:02 --> 00:30:07:	profit, my company has has a written plan with some
00:30:07 --> 00:30:11:	programs under this SPCPS program and any lender or for
00:30:11 --> 00:30:16:	profit organization that wants to participate has to have a
00:30:16 --> 00:30:18:	written and approved plan.
00:30:20 --> 00:30:24:	Some of the things that we offer, again we partner
00:30:24 --> 00:30:28:	with Freddie Mac or let me say selected to participate
00:30:28 --> 00:30:30:	in, in some special programs.
00:30:30 --> 00:30:35:	They picked 1212 lenders and we were successful in being

00:30:35 --> 00:30:36: one of those.
00:30:37 --> 00:30:40: And so we are rolling out a whole host of
00:30:40 --> 00:30:44: new programs to help and people of color to obtain
00:30:44 --> 00:30:46: home ownership.
00:30:46 --> 00:30:50: But more importantly, even if the institutions have the programs,
00:30:50 --> 00:30:54: you have to have loan officers to embrace those programs.
00:30:54 --> 00:30:56: And that's part of the problem.
00:30:56 --> 00:30:59: And to what Cindy was saying about the appraiser and
00:30:59 --> 00:31:01: the appraisers have been older male and white.
00:31:01 --> 00:31:04: It's the same thing in the lending space, you know,
00:31:05 --> 00:31:07: and a lot of the, the lenders are aging out
00:31:07 --> 00:31:09: and it needs to be a push to get more
00:31:10 --> 00:31:13: people of color in the industry and younger people.
00:31:13 --> 00:31:17: Because right now, I think I, there was a, a
00:31:17 --> 00:31:22: study from Freddie Mac saying that right now the largest
00:31:22 --> 00:31:26: home buyers are millennials, so millennials.
00:31:26 --> 00:31:30: And then after that, it's women, you know, So there
00:31:30 --> 00:31:34: needs to be a push from lending institutions to get
00:31:34 --> 00:31:39: the mortgage loan officers more involved and wanting to participate.
00:31:40 --> 00:31:42: And you're like, well, wouldn't it be another loan for
00:31:42 --> 00:31:44: a loan officer by participating in these programs?
00:31:44 --> 00:31:47: Well, the loan amounts tend to be a little bit
00:31:47 --> 00:31:51: lower down payment assistance programs for us as a loan
00:31:51 --> 00:31:54: officer, the more money we find for the home buyers,
00:31:54 --> 00:31:58: the less money we make where Realtors are paid off
00:31:58 --> 00:32:00: a sales price and we are paid off a loan
00:32:00 --> 00:32:01: amount.
00:32:01 --> 00:32:03: So we're going to, we do three times the work
00:32:03 --> 00:32:04: for less pay.
00:32:04 --> 00:32:06: And so a lot of loan officers are not open
00:32:06 --> 00:32:07: to do that.
00:32:07 --> 00:32:10: So again, you have to have a heart to be
00:32:10 --> 00:32:12: in this space, you know, so.
00:32:13 --> 00:32:13: Yeah.
00:32:14 --> 00:32:15: And we appreciate that you do.
00:32:17 --> 00:32:19: Shawnee, can you talk to us about the work that
00:32:19 --> 00:32:22: ADP is doing to help provide more affordable home ownership
00:32:22 --> 00:32:24: opportunities for families of color?
00:32:24 --> 00:32:24: Yes.
00:32:24 --> 00:32:27: So we are involved in a couple of things.

00:32:27 --> 00:32:31: For those who are not familiar with us, we focus
00:32:31 --> 00:32:36: on something we call a partnership model where everything that
00:32:36 --> 00:32:40: we do, whether it is developing, lending or convening or
00:32:40 --> 00:32:44: advocating, we do it in partnership with our expert partners.
00:32:45 --> 00:32:48: So for example, on our development side, we have something
00:32:48 --> 00:32:51: that we call a risk sharing model that we focus
00:32:51 --> 00:32:55: on in partnering with home builders that are local home
00:32:55 --> 00:32:59: builders as well as mission driven developers, most whom are
00:32:59 --> 00:32:59: local.
00:33:00 --> 00:33:05: And with this model, we will leverage our our capital,
00:33:05 --> 00:33:10: our land and provide working capital to a developer.
00:33:11 --> 00:33:15: And we say, hey, developer, miss developer, we want you
00:33:15 --> 00:33:18: to build on budget, on time, you do the vertical,
00:33:18 --> 00:33:20: get everything done, sell the home.
00:33:20 --> 00:33:24: And with those proceeds, we will incentivize the developer within
00:33:24 --> 00:33:27: a with a developer fee that we will split with
00:33:27 --> 00:33:28: the developer.
00:33:28 --> 00:33:31: And we have done that over and over and over
00:33:31 --> 00:33:32: again for the past 15 years.
00:33:32 --> 00:33:35: We started in the middle of the foreclosure, in the
00:33:35 --> 00:33:39: middle of the foreclosure crisis when we were actually convening
00:33:39 --> 00:33:43: local partners to really organize around a a regional foreclosure
00:33:43 --> 00:33:44: recovery response.
00:33:45 --> 00:33:48: But out of that we initially started leveraging NSP dollars,
00:33:48 --> 00:33:52: our neighborhood stabilization program dollars at the time.
00:33:52 --> 00:33:53: Those have sunset now.
00:33:53 --> 00:33:56: But that then sort of evolved into our ability to
00:33:57 --> 00:34:01: leverage program related investments, enterprise level debt and we now
00:34:01 --> 00:34:05: leverage new markets tax credits which many of you are
00:34:05 --> 00:34:06: probably familiar with.
00:34:06 --> 00:34:10: You probably think of it as something that is used
00:34:10 --> 00:34:12: for commercial development.
00:34:13 --> 00:34:18: Habitat for Humanity several years ago really innovated it in
00:34:18 --> 00:34:22: the space of building a home ownership opportunities and we
00:34:22 --> 00:34:26: have really brought that into the the broader nonprofit space.
00:34:26 --> 00:34:29: We sit on a National Council that is advocating for
00:34:29 --> 00:34:33: the the increased allocation of new markets tax credits to

00:34:33 --> 00:34:35: be leveraged for affordable home ownership.
00:34:35 --> 00:34:38: So that is sort of fundamentally like what our model
00:34:39 --> 00:34:39: looks like now.
00:34:39 --> 00:34:42: There are a couple of ways that we've been tapped
00:34:42 --> 00:34:44: within the space to leverage that model.
00:34:44 --> 00:34:48: 1, About five years ago in 2020, we launched a
00:34:48 --> 00:34:54: Closing the Gap initiative where we committed to either building
00:34:54 --> 00:34:59: and or preserving 2000 homes within our metro Atlanta area
00:34:59 --> 00:35:04: and that includes about 500 for sale housing units.
00:35:04 --> 00:35:06: It also includes single family rental units.
00:35:06 --> 00:35:08: I'll talk about that shortly.
00:35:08 --> 00:35:09: So just put a pin in it.
00:35:10 --> 00:35:14: And there are about 250 single family rental units that
00:35:14 --> 00:35:18: we are focused on and then 12150 multifamily units, all
00:35:18 --> 00:35:21: which will be completed by the end of the year.
00:35:21 --> 00:35:24: We are well on our way to meeting our goal
00:35:24 --> 00:35:27: and and that has really driven the work that we've
00:35:27 --> 00:35:30: we've done in terms of how we interface with our
00:35:30 --> 00:35:31: partners.
00:35:31 --> 00:35:35: Another thing that we have focused on is an initiative
00:35:35 --> 00:35:40: that is a national a nationally competitive initiative that was
00:35:40 --> 00:35:43: launched by Wells Fargo a few years ago called the
00:35:43 --> 00:35:49: Worth initiative, which stands for a wealth opportunities restored through
00:35:49 --> 00:35:52: home ownership and Wells Fargo set out to have a
00:35:52 --> 00:35:56: goal of creating 5000 new home owners of color across
00:35:56 --> 00:35:59: the country by 2026 I believe I think are you
00:35:59 --> 00:35:59: OK?
00:35:59 --> 00:36:00: Yes.
00:36:00 --> 00:36:02: And so we have a number of partners that are
00:36:02 --> 00:36:05: part of that here locally, including the Urban League.
00:36:06 --> 00:36:10: The Community Foundation for Greater Atlanta was really like the
00:36:11 --> 00:36:13: leading co-author on this, on this effort.
00:36:14 --> 00:36:17: And we also have Habitat is at the table, lots
00:36:18 --> 00:36:19: of partners.
00:36:19 --> 00:36:22: But through that work, we were able to receive a
00:36:23 --> 00:36:27: $7.5 million grant collectively to establish a hub portal that
00:36:27 --> 00:36:31: is run by the Urban League to help not only
00:36:31 --> 00:36:35: accelerate the supply of housing, but really think about how
00:36:35 --> 00:36:38: we address developer subsidy, right.

00:36:38 --> 00:36:41: So we talked a little bit about supply, but one
00:36:41 --> 00:36:44: of the issues it is just it's more expensive to
00:36:45 --> 00:36:45: build.
00:36:45 --> 00:36:48: And when you talk about, you know, the the price
00:36:48 --> 00:36:51: that it's going to take one developer who's focused on
00:36:51 --> 00:36:54: market rate to build the same house that someone who's
00:36:54 --> 00:36:57: building affordable housing, it's all the same price.
00:36:57 --> 00:36:59: You just talked about the $450,000 appraisal.
00:37:00 --> 00:37:03: Like we have to find ways to make it more
00:37:03 --> 00:37:07: attainable for the developer to actually want to build the
00:37:07 --> 00:37:08: the unit.
00:37:08 --> 00:37:11: So through that program ANDP, we're able to take advantage
00:37:11 --> 00:37:14: of developer subsidies, our new markets tax credits that we
00:37:14 --> 00:37:18: leverage, we allow our developer partners to take advantage of
00:37:18 --> 00:37:19: a developer subsidy.
00:37:19 --> 00:37:22: So we can actually build not only the house at
00:37:22 --> 00:37:25: a price that we can then sell it for, but
00:37:25 --> 00:37:27: we can build more.
00:37:27 --> 00:37:32: And then lastly going back to the institutional investor conversation
00:37:32 --> 00:37:37: we talked about earlier ANDP is actually has entered into
00:37:37 --> 00:37:40: a first of its kind in the nation partnership with
00:37:40 --> 00:37:45: a national institutional investor where we have an opportunity to
00:37:45 --> 00:37:49: have a first look at their properties that they are
00:37:49 --> 00:37:54: disposing of and then purchase those homes at a discounted
00:37:54 --> 00:37:54: price.
00:37:54 --> 00:37:58: So it allows us to really set a model where
00:37:58 --> 00:38:03: we can recapture homes that have been not been participating
00:38:03 --> 00:38:07: in our market, the homes that we've all been squeezed
00:38:07 --> 00:38:11: out of, but we're able to recapture those homes.
00:38:11 --> 00:38:14: We have a strategy where most of those homes will
00:38:14 --> 00:38:18: actually be a part of our single family rental portfolio
00:38:18 --> 00:38:22: with a long term affordability focus, but also an opportunity
00:38:23 --> 00:38:25: for us to allow the values of in those homes
00:38:26 --> 00:38:29: to appreciate when we are ready or when those values
00:38:29 --> 00:38:33: have appreciated, we'll then retain some of the appreciation in
00:38:34 --> 00:38:37: the in those homes and then convert them into home
00:38:37 --> 00:38:39: ownership opportunities.
00:38:39 --> 00:38:42: So those are some of the strategies that we are

00:38:42 --> 00:38:46: sort of really centering now as things that we can
00:38:46 --> 00:38:49: then hopefully scale going forward.
00:38:49 --> 00:38:50: Yeah.
00:38:50 --> 00:38:53: And hopefully others in other cities can replicate those efforts.
00:38:53 --> 00:38:53: That's right.
00:38:53 --> 00:38:56: So it's at that point, John, can you talk about
00:38:56 --> 00:38:59: what solutions you may have seen in other markets across
00:38:59 --> 00:39:01: this country that are having an impact?
00:39:02 --> 00:39:02: Yeah.
00:39:02 --> 00:39:05: And I just want to 2nd the importance of like
00:39:05 --> 00:39:08: the historical aspects because I think one of the reasons
00:39:08 --> 00:39:11: that we are seeing a persistent racial home ownership gap
00:39:11 --> 00:39:15: is because home ownership transfers from generation to generation.
00:39:15 --> 00:39:18: So what happened in the history long time ago is
00:39:19 --> 00:39:21: still affecting the current market.
00:39:21 --> 00:39:26: So some of the solutions are kind of thinking about
00:39:26 --> 00:39:30: how to think about those and how to reduce those
00:39:30 --> 00:39:34: gap to make the playing field more equitable.
00:39:35 --> 00:39:37: But I will focus on those three things that I
00:39:37 --> 00:39:39: mentioned during my presentation.
00:39:39 --> 00:39:42: So first, we do all agree that we need more
00:39:42 --> 00:39:46: housing supply, especially more affordable supply.
00:39:46 --> 00:39:49: And there's a lot of interesting sessions here throughout the
00:39:49 --> 00:39:51: conference that has been discussing about that.
00:39:51 --> 00:39:54: So I will focus a little bit on the demand
00:39:54 --> 00:39:57: side solution since we it will take time to build
00:39:57 --> 00:39:57: more housing.
00:39:57 --> 00:40:01: So how can we kind of still address the racial
00:40:01 --> 00:40:05: inequalities in the home ownership gap during that time?
00:40:05 --> 00:40:08: So first is about DTI ratio.
00:40:08 --> 00:40:11: We can't do anything about the interest rate, but then
00:40:11 --> 00:40:13: we can in the mortgage industry.
00:40:13 --> 00:40:16: Find ways to better capture the incomes because a lot
00:40:16 --> 00:40:19: of people are now working in the economy and it's
00:40:19 --> 00:40:22: not really captured well in the mortgage underwriting.
00:40:22 --> 00:40:26: So facilitate capturing non traditional forms of income with better
00:40:26 --> 00:40:27: technology.
00:40:27 --> 00:40:30: And also we see that Latino and black bores are
00:40:30 --> 00:40:34: less likely to apply with Co applicants even though they
00:40:34 --> 00:40:36: have other earners in the house.

00:40:37 --> 00:40:40: And one of the barriers is because the mortgage industry
00:40:40 --> 00:40:42: puts a greater wealth on the low credit score bore,
00:40:42 --> 00:40:45: we think it makes sense to think about putting a
00:40:45 --> 00:40:48: greater wealth on the high credit score among the applicants.
00:40:48 --> 00:40:52: That would make some that would increase the number of
00:40:52 --> 00:40:55: households who can kind of apply with the Co applicants
00:40:55 --> 00:40:59: and hopefully increase the household income in mortgage underwriting.
00:40:59 --> 00:41:02: And for Latino community, I think we can think about
00:41:02 --> 00:41:06: including I-10 borers as a Co bore to also boost
00:41:06 --> 00:41:09: up the income, almost like really small amount of lending
00:41:10 --> 00:41:12: is happening in the I team space.
00:41:12 --> 00:41:15: There's about I think we estimate about 5 to 6000
00:41:15 --> 00:41:16: loans a year.
00:41:16 --> 00:41:19: So, but then if we just add them as the
00:41:19 --> 00:41:22: Co applicant for a start, that could help with the
00:41:22 --> 00:41:24: DTI ratio for credit history.
00:41:24 --> 00:41:27: We are seeing some innovations happening in the space.
00:41:27 --> 00:41:30: I had lunch and like talked about why we are
00:41:30 --> 00:41:34: still not moving on to modular, modular or factory built
00:41:34 --> 00:41:37: homes, although we have all these like long term discussions
00:41:37 --> 00:41:40: on this is more like cost saving methods.
00:41:40 --> 00:41:43: That's the same with like the rental payment history, including
00:41:43 --> 00:41:44: in the mortgage market.
00:41:44 --> 00:41:47: We have talked about decades like rent payment is like
00:41:47 --> 00:41:50: a strong predictor of mortgage performance.
00:41:50 --> 00:41:53: But and but then really recently there has been some
00:41:53 --> 00:41:54: innovations in this space.
00:41:55 --> 00:41:59: So we are starting to incorporate rental payment history into
00:41:59 --> 00:42:03: the credit scoring models and we are making some efforts
00:42:03 --> 00:42:06: to look at the bank account data to capture rent
00:42:07 --> 00:42:10: payment history and other kind of cash flow data in
00:42:10 --> 00:42:12: the mortgage underwriting space.
00:42:13 --> 00:42:16: And we do have some initial evidence that this actually
00:42:16 --> 00:42:20: helps households of color more because they are more likely
00:42:20 --> 00:42:23: to have like no credit scores or low credit scores.
00:42:23 --> 00:42:27: And of course, increasing consumer awareness in this space is
00:42:27 --> 00:42:28: also critical moving forward.
00:42:29 --> 00:42:31: And I think Bonnie done a really good job of
00:42:32 --> 00:42:33: explaining about SPCP.
00:42:33 --> 00:42:37: We do think that more targeted down payment program is

00:42:37 --> 00:42:42: necessary including SPCP and also the first generation DPA program
00:42:42 --> 00:42:45: could be an option and also streamlining DPA program so
00:42:45 --> 00:42:49: it's more easier for you to work with and expanding
00:42:49 --> 00:42:51: awareness of DPA programs.
00:42:51 --> 00:42:54: And we are starting some discussion on looking at zero
00:42:54 --> 00:42:57: payment, down payment, FHA down payment mortgages.
00:42:57 --> 00:42:59: But then more research is needed in this space.
00:43:00 --> 00:43:03: And I just want to really mention quickly about the
00:43:03 --> 00:43:07: upward mobility dashboard because a lot of like racial homeownership
00:43:07 --> 00:43:10: gap is not only showing racial inequality is not only
00:43:10 --> 00:43:14: showing in homeownership, but then all the other indicators in
00:43:14 --> 00:43:15: the community.
00:43:15 --> 00:43:19: And then if you want interested in like looking at
00:43:19 --> 00:43:23: your community and understanding all the gaps, especially related to
00:43:23 --> 00:43:28: upward mobility framework we developed looked at 24 key indicators
00:43:28 --> 00:43:30: in all counties in the US.
00:43:30 --> 00:43:33: So you can just select your county and like multiple
00:43:33 --> 00:43:37: other counties to see all the gaps and disparities in
00:43:37 --> 00:43:40: the racial disparities across the county.
00:43:40 --> 00:43:42: So this is one quick example.
00:43:42 --> 00:43:46: So, and I selected 3 counties to compare with and,
00:43:46 --> 00:43:51: and this is the share of wealth owned by particular
00:43:51 --> 00:43:56: wealth and ethnic group compared to the share of households
00:43:56 --> 00:43:57: that they account for.
00:43:58 --> 00:44:00: So I'll just give a quick example.
00:44:00 --> 00:44:03: Like we're in Fulton County right now and let's just
00:44:03 --> 00:44:05: look at black households.
00:44:05 --> 00:44:10: So black households account for about 40% of all households
00:44:10 --> 00:44:13: in Fulton County, but they only own 40% of all
00:44:13 --> 00:44:15: housing wealth in Fulton County.
00:44:16 --> 00:44:18: And we do see a slightly smaller gap in the
00:44:18 --> 00:44:22: Cobb County because we do have a high homeownership rate.
00:44:22 --> 00:44:25: Thanks for bonus work and a lot of people's work
00:44:25 --> 00:44:27: in this area to increase black homeownership rate.
00:44:27 --> 00:44:31: So black homeownership rate in DeKalb County is about 57%,

00:44:31 --> 00:44:34: which is much higher than the national rate.
00:44:34 --> 00:44:36: So we do see that the black dot and the
00:44:36 --> 00:44:39: yellow dot gap is slightly smaller, but it's still very
00:44:39 --> 00:44:42: large because you can see that the average home value
00:44:42 --> 00:44:46: gap between black and white household is very, very large,
00:44:46 --> 00:44:49: which is related to your comment earlier on the appraisal
00:44:49 --> 00:44:50: gaps and all the other factors.
00:44:51 --> 00:44:54: But I just also just pulled out Prince George County
00:44:55 --> 00:44:58: because this is like one very exceptional counties.
00:44:58 --> 00:45:01: So in of course, like in almost all areas in
00:45:01 --> 00:45:04: the US and all counties, the blue dot is always
00:45:05 --> 00:45:08: at the left side compared to the yellow dot.
00:45:08 --> 00:45:11: This is one of the few outliers where in Prince
00:45:11 --> 00:45:15: George counties, black households account for about 60% and they
00:45:15 --> 00:45:19: own slightly more housing wealth compared to the household composition.
00:45:19 --> 00:45:22: And this is because they do have relatively higher homeownership
00:45:22 --> 00:45:22: rate.
00:45:22 --> 00:45:26: Their homeownership rate is at 62%, still lower than white,
00:45:26 --> 00:45:28: but you can see that that their average home value
00:45:28 --> 00:45:31: is actually higher than the white homeowners.
00:45:31 --> 00:45:33: So this leads to some of the outliers.
00:45:33 --> 00:45:35: So if you're more interested the sake of time, I
00:45:35 --> 00:45:38: can't go over all the data that, but that you
00:45:38 --> 00:45:40: can look at all the key indicators and do a
00:45:40 --> 00:45:41: comparison.
00:45:41 --> 00:45:43: And I think like Urban Institute would happy to some
00:45:43 --> 00:45:46: of the researchers would be happy to sit with you
00:45:46 --> 00:45:48: and like go over some of the key indicators in
00:45:48 --> 00:45:48: your county.
00:45:50 --> 00:45:52: John, we go back to the slide before so folks
00:45:53 --> 00:45:55: can copy down the website if they want to learn
00:45:55 --> 00:45:58: more about this or upward mobility framework.
00:45:59 --> 00:46:01: And I do have a couple more questions, but would
00:46:01 --> 00:46:03: love to open it up to the audience to see
00:46:03 --> 00:46:05: if any of you all have questions you'd love to
00:46:05 --> 00:46:05: ask.
00:46:05 --> 00:46:05: Yeah, sure.
00:46:07 --> 00:46:09: Oh, Fabiola is in control.
00:46:09 --> 00:46:12: So we're cosy, cosy audience.
00:46:12 --> 00:46:14: I was going to say what I'm going to do

00:46:14 --> 00:46:16: is I'm going to take a picture of the audience
00:46:16 --> 00:46:19: and then use AI because that's what's happening on the
00:46:19 --> 00:46:22: other side, which feels a little more, you know, flashy.
00:46:23 --> 00:46:25: But I just want to say amazing panel and I'm
00:46:25 --> 00:46:28: so honored that, you know, I mean, the information is
00:46:28 --> 00:46:29: fantastic.
00:46:29 --> 00:46:30: So anyway, who has a question?
00:46:31 --> 00:46:33: I'm, I think you were first, so I'm going to
00:46:33 --> 00:46:34: come back to you.
00:46:39 --> 00:46:42: Hi Michael, Will Texas State Affordable Housing Corporation.
00:46:42 --> 00:46:46: We're a statewide 5O1C3 HFA based out of Austin.
00:46:46 --> 00:46:50: We are involved in the Worth initiative for Harris County
00:46:51 --> 00:46:55: and we were looking at alternative mortgage products as part
00:46:55 --> 00:46:56: of our role in it.
00:46:57 --> 00:47:00: And that's when we identified special purpose credit programs.
00:47:00 --> 00:47:05: We looked at portfolio loans that could serve bipod communities
00:47:05 --> 00:47:09: or bipod borrowers and we looked in the I-10 space
00:47:09 --> 00:47:10: as well.
00:47:10 --> 00:47:13: But there's a lot of resistance from lending institutions and
00:47:13 --> 00:47:16: maybe it's because the decision makers look like an older
00:47:17 --> 00:47:19: version of me, like you all were saying, but a
00:47:19 --> 00:47:23: lot of lending institutions are still seem unwilling to participate
00:47:23 --> 00:47:24: in some of these programs.
00:47:24 --> 00:47:26: And we have yet to get to the bottom of
00:47:26 --> 00:47:28: why that might be the case.
00:47:28 --> 00:47:31: And so while it's great that the wells of the
00:47:31 --> 00:47:35: world are giving $7,000,000 per community and grant funds, they
00:47:35 --> 00:47:39: have historically been the problem and $7,000,000 is not enough
00:47:39 --> 00:47:40: whenever.
00:47:40 --> 00:47:40: There.
00:47:41 --> 00:47:44: Are, are things that more aggressive things that they could
00:47:44 --> 00:47:46: be doing to be part of the solution and we
00:47:46 --> 00:47:49: and we kind of take that feedback to them very
00:47:49 --> 00:47:52: gently and you know, aren't getting the kind of reception
00:47:52 --> 00:47:53: that we had hoped for.
00:47:53 --> 00:47:56: So kind of a two-part question is like how, what
00:47:56 --> 00:48:00: is the value proposition that you've sold to lending institutions
00:48:00 --> 00:48:04: or that you think of lending institutions respond to, to
00:48:04 --> 00:48:07: incorporate some of these programs or, or, or or or

00:48:07 --> 00:48:09: products, but also kind of bear a picture?
00:48:10 --> 00:48:11: Are they at risk of going away?
00:48:11 --> 00:48:14: You know, while C is we don't know the future,
00:48:14 --> 00:48:17: CPFBI don't even know if it exists anymore or the
00:48:17 --> 00:48:20: future of the Community and Reinvestment Act or any of
00:48:20 --> 00:48:23: these programs that have been offered up at the federal
00:48:23 --> 00:48:25: level down to local communities.
00:48:25 --> 00:48:27: You know, is the app to participate in them going
00:48:27 --> 00:48:30: to to be reduced with this new administration?
00:48:31 --> 00:48:32: I assume that's for me.
00:48:33 --> 00:48:35: I think it really depends on the company and the
00:48:35 --> 00:48:36: leadership of the company.
00:48:37 --> 00:48:40: I've been, I've been in the industry for 25 years
00:48:40 --> 00:48:43: and I've been to about 10 or 12 different companies.
00:48:43 --> 00:48:46: This company is the company I've been with the longest,
00:48:46 --> 00:48:46: eight years.
00:48:47 --> 00:48:50: And the reason why I'm here is because they do
00:48:50 --> 00:48:53: what they say they're going to do and they're open
00:48:53 --> 00:48:56: to anything that you as a loan officer, since we're
00:48:56 --> 00:48:59: on the front lines, brings to the company, like I
00:48:59 --> 00:49:01: put in a request for a change in a, in
00:49:01 --> 00:49:05: a portfolio loan and two days later it was implemented.
00:49:05 --> 00:49:08: So whenever I bring to them, like I brought to
00:49:08 --> 00:49:11: them the community Land Trust, they, they looked at the
00:49:11 --> 00:49:15: information that was provided on the website, checked with Fannie
00:49:15 --> 00:49:17: and Freddie and said, OK, we'll do it.
00:49:18 --> 00:49:21: So you have to to look outside of the traditional
00:49:21 --> 00:49:26: lending institutions and find the more mid sized ones who
00:49:26 --> 00:49:30: fund their own loans like we're correspondent, but we we
00:49:30 --> 00:49:32: fund our own loans.
00:49:32 --> 00:49:35: So we can also create our own guidelines as well
00:49:35 --> 00:49:37: because we're using our own money.
00:49:37 --> 00:49:38: So that makes a difference.
00:49:38 --> 00:49:41: The other thing you have to look at for for
00:49:41 --> 00:49:46: lending is we go by Fannie, Freddie agency guidelines as
00:49:46 --> 00:49:50: well with the automated underwriting system, we don't have the
00:49:50 --> 00:49:51: overlays.
00:49:51 --> 00:49:54: That's why a person can go to 1 institution and
00:49:54 --> 00:49:57: get denied for a long and go to a different
00:49:57 --> 00:49:59: one and you say well it's all FHA or it's
00:49:59 --> 00:50:01: all Fannie or Freddie.

00:50:01 --> 00:50:04: Yeah, but you can, since you lend your own money,
00:50:04 --> 00:50:07: you can put overlays, additional guidelines on it.
00:50:07 --> 00:50:12: So I would suggest just looking at the smaller lending
00:50:12 --> 00:50:17: institutions, the mid sized ones who lend their own money
00:50:17 --> 00:50:19: as a as a resource.
00:50:23 --> 00:50:24: I'm Sarah Patnaud.
00:50:24 --> 00:50:27: I'm the Director of Policy Solutions for the Southeast at
00:50:27 --> 00:50:28: Reinvestment Fund.
00:50:28 --> 00:50:30: First, this has been a fantastic conversation.
00:50:30 --> 00:50:32: Thank you so much for all of this knowledge that
00:50:32 --> 00:50:33: you shared with us.
00:50:33 --> 00:50:37: We recently released a report of the 10 Southeastern, We
00:50:37 --> 00:50:41: did a report of 10 Southeastern cities looking at HUMDA
00:50:41 --> 00:50:44: data, we controlled for debt to income ratio, for loan
00:50:44 --> 00:50:45: to value ratio.
00:50:46 --> 00:50:49: And what we found was that comparing well qualified black
00:50:49 --> 00:50:53: borrowers and well qualified white borrowers, the mortgage denial rate
00:50:53 --> 00:50:56: for black borrowers was still two to four times as
00:50:56 --> 00:50:57: high.
00:50:57 --> 00:50:59: And that was across all of these 10 cities.
00:50:59 --> 00:51:01: Some are, you know, worse, some are better.
00:51:02 --> 00:51:05: But given the political moment that we're in with the
00:51:05 --> 00:51:09: closure of the CFPB, with the attack on any racially
00:51:09 --> 00:51:12: aware programs, what can we be doing at the individual
00:51:13 --> 00:51:18: or organizational levels knowing that these systemic inequalities exist, yes,
00:51:18 --> 00:51:22: but also that there is still continued clear racially based
00:51:22 --> 00:51:25: decision making happening, What can we be doing?
00:51:26 --> 00:51:29: Well, again, I think it goes to an institution can
00:51:29 --> 00:51:32: have all the programs, but if they don't have the
00:51:32 --> 00:51:36: people on the front line, the mortgage loan originators who
00:51:36 --> 00:51:39: are familiar with the programs and who embrace them, you
00:51:40 --> 00:51:41: will still have that.
00:51:41 --> 00:51:44: I have plenty of people come to me who are
00:51:44 --> 00:51:48: denied at other places because again, it's the mortgage loan
00:51:48 --> 00:51:52: officers, the one who really has to package it, the
00:51:52 --> 00:51:55: loan to make it make sense to the underwriter.
00:51:55 --> 00:51:58: And you also have to, as a loan originator, go
00:51:58 --> 00:52:01: past what's on the paper and ask more questions.
00:52:01 --> 00:52:03: And so a lot of people don't want to do
00:52:03 --> 00:52:05: that again because it requires more work.

00:52:06 --> 00:52:11: So like, I had a person who, when the underwriter
00:52:11 --> 00:52:15: looked at the file, she lowered my income.
00:52:15 --> 00:52:17: But there was more questions that needed to be asked.
00:52:17 --> 00:52:20: Like, he took three months off to go handle the
00:52:20 --> 00:52:22: affairs of his father, who passed away.
00:52:23 --> 00:52:26: And while he was there, he got caught up in
00:52:26 --> 00:52:30: the pandemic, you know, so it took me doing getting
00:52:30 --> 00:52:34: more information, supply more documentation.
00:52:34 --> 00:52:36: And to be honest with you, a lot of loan
00:52:36 --> 00:52:37: officers are just lazy.
00:52:37 --> 00:52:40: They don't want to do the work, you know, when
00:52:40 --> 00:52:42: they could just pass that on and go somewhere.
00:52:42 --> 00:52:44: So I think what you really have to find is
00:52:44 --> 00:52:48: once you find the lending institution that has the programs,
00:52:48 --> 00:52:50: then you have to find the loan officers that have
00:52:50 --> 00:52:51: the Hartford.
00:52:51 --> 00:52:54: And if you look across the board, like even here
00:52:54 --> 00:52:57: in Atlanta, wouldn't we look at the loan officers are
00:52:57 --> 00:52:57: in the space.
00:52:57 --> 00:53:00: It's pretty consistent when you look at the ones who
00:53:00 --> 00:53:03: are approved to do the programs, who have the the
00:53:03 --> 00:53:04: the knowledge.
00:53:04 --> 00:53:06: And so that's what it's going to require.
00:53:07 --> 00:53:10: And I would just add to that and not certainly
00:53:10 --> 00:53:14: not from, I'm not a lender expert, but when, when
00:53:14 --> 00:53:17: I think of it from a policy perspective and just,
00:53:17 --> 00:53:20: you know, the doom and gloom of this moment with
00:53:20 --> 00:53:24: respect to so many programs and, and opportunities and who's
00:53:24 --> 00:53:27: accessing what, we've got to keep doing the work.
00:53:28 --> 00:53:30: We have to keep doing the work.
00:53:31 --> 00:53:34: I had a, a professor in grad school who has
00:53:34 --> 00:53:38: famously said that housing is where jobs go to sleep
00:53:38 --> 00:53:39: at night.
00:53:39 --> 00:53:44: And when you think about the housing market and how
00:53:44 --> 00:53:49: closely it impacts our GDPGDP growth, we have to, if
00:53:49 --> 00:53:53: we want to continue to be a strong economy, you
00:53:53 --> 00:53:58: know, we have to think about the role that housing
00:53:58 --> 00:53:59: plays in that.
00:54:00 --> 00:54:03: And the more housing opportunities we create for all to
00:54:04 --> 00:54:07: take advantage of, the more starter homes we can put
00:54:07 --> 00:54:10: into our our economy, the better off we all are.

00:54:11 --> 00:54:14: So there is such a, there's a strong and I'm
00:54:14 --> 00:54:17: not saying we should only focus on the economic argument,
00:54:17 --> 00:54:21: but it is a very important argument that needs to
00:54:21 --> 00:54:21: be made.
00:54:21 --> 00:54:25: And often times when we talk about housing, we forget
00:54:25 --> 00:54:28: to talk about how it impacts our economy.
00:54:28 --> 00:54:31: And so really ensuring that we are, we are creating
00:54:31 --> 00:54:33: those are we are talking about those arguments.
00:54:34 --> 00:54:35: And even when we talk about the tax credit side,
00:54:35 --> 00:54:37: we haven't talked about that here today because that's what
00:54:37 --> 00:54:38: we're going to talk about.
00:54:38 --> 00:54:43: The people who are deeply most impacted, their pockets are
00:54:43 --> 00:54:45: most impacted by tax credits.
00:54:46 --> 00:54:48: They're not necessarily the people that are living in those
00:54:48 --> 00:54:49: units, right?
00:54:49 --> 00:54:50: And nobody has said that.
00:54:51 --> 00:54:52: But that is at the end of the day, I
00:54:52 --> 00:54:55: feel like we will be fine when we, when we
00:54:55 --> 00:54:58: really talk about this conversation around, you know, who's being
00:54:58 --> 00:55:01: impacted, because the folks who are really going to get
00:55:01 --> 00:55:04: impacted, they were, they will make sure that they are
00:55:04 --> 00:55:05: not impacted.
00:55:06 --> 00:55:07: So I say we keep doing the work that we're
00:55:07 --> 00:55:08: doing.
00:55:08 --> 00:55:10: We keep advancing our mission because we need to.
00:55:11 --> 00:55:15: Also too, I'm sorry to add to that, underwriting, which
00:55:15 --> 00:55:18: is the key decision makers, me as a loan officer,
00:55:18 --> 00:55:22: I don't make the final decision, but also the diversity
00:55:22 --> 00:55:25: and having diversity and who's looking at the files and
00:55:25 --> 00:55:29: the cultural differences of how we move money and do
00:55:29 --> 00:55:32: different things from a cultural perspective.
00:55:32 --> 00:55:34: Like I ran into that SUSU, it's a, it's a
00:55:35 --> 00:55:38: savings program where a lot of people of color do
00:55:38 --> 00:55:39: not trust the bank.
00:55:39 --> 00:55:44: So they have a, a group called SUSU or something
00:55:44 --> 00:55:45: like that, right?
00:55:45 --> 00:55:46: It's a pool.
00:55:46 --> 00:55:50: And so understanding that and being able to explain that
00:55:50 --> 00:55:51: also matters.
00:55:51 --> 00:55:54: And then as a loan originator, I mean, I'm just
00:55:54 --> 00:55:55: an education junkie.

00:55:55 --> 00:55:57: So I go to all the underwriting classes and things
00:55:57 --> 00:55:58: like that.
00:55:58 --> 00:56:00: So I, I know how to push back and I
00:56:00 --> 00:56:04: know how to support my arguments and even go beyond
00:56:04 --> 00:56:07: like I just, we have the advantage here in the
00:56:07 --> 00:56:11: Atlanta market, having the, the Hawk, the home ownership Center
00:56:11 --> 00:56:11: for FHA loans.
00:56:12 --> 00:56:15: And luckily for me, because I've been through all the,
00:56:15 --> 00:56:17: a lot of the trainees that they've had, I have
00:56:17 --> 00:56:20: people I can reach out to when I disagree with
00:56:20 --> 00:56:22: an interpretation of a guideline.
00:56:22 --> 00:56:24: And that has saved a lot of my deals as
00:56:24 --> 00:56:25: well.
00:56:25 --> 00:56:27: So again it it goes back to who are you
00:56:28 --> 00:56:29: working with basically.
00:56:31 --> 00:56:33: And I will just quickly add on, I agree with
00:56:33 --> 00:56:36: all the points that have been made and the slide
00:56:36 --> 00:56:39: that I've put on that shows one of the reasons
00:56:39 --> 00:56:42: that I put on that slide that shows the future
00:56:42 --> 00:56:45: home buyers will come majority from households of color is
00:56:45 --> 00:56:48: just not we just I think we're in the room
00:56:48 --> 00:56:50: of, but most people in this room would agree if
00:56:50 --> 00:56:52: we just make the justice case.
00:56:52 --> 00:56:54: We all have passion and mission oriented.
00:56:54 --> 00:56:56: So we want to do and help others.
00:56:56 --> 00:56:58: But then there will be people who are not on
00:56:58 --> 00:56:59: the same page.
00:56:59 --> 00:57:02: And that's why we also want to make a business
00:57:02 --> 00:57:05: case of this because we are going to have this
00:57:05 --> 00:57:08: country is going to be more and more racially diverse.
00:57:08 --> 00:57:11: So we do need to understand all commute consumers and
00:57:11 --> 00:57:14: then all the future home buyers to have a more
00:57:14 --> 00:57:16: stronger housing market in the future.
00:57:16 --> 00:57:19: So housing industry do need to invest more time and
00:57:19 --> 00:57:23: understanding outstanding this population, how they are kind of interacting
00:57:23 --> 00:57:26: with the mortgage system and how to better kind of
00:57:26 --> 00:57:29: serve the needs and accurately measure their financial status to
00:57:29 --> 00:57:31: help them access home ownership.
00:57:32 --> 00:57:33: Last question.
00:57:34 --> 00:57:36: Hi, my name is Kevin Schwab.

00:57:36 --> 00:57:40: I'm I work in economic development in Syracuse, NY First,
00:57:40 --> 00:57:43: I want to say thank you all for doing this
00:57:43 --> 00:57:44: particular panel.
00:57:44 --> 00:57:47: So much of what we talk about in terms of
00:57:47 --> 00:57:51: housing, I think is really geared towards rental housing and
00:57:51 --> 00:57:56: you know, many legitimate issues that are associated right now
00:57:56 --> 00:57:59: with the market for rental housing around the country.
00:58:00 --> 00:58:03: But this is really about wealth building.
00:58:03 --> 00:58:06: And as this slide, I think rightly points out, about
00:58:06 --> 00:58:11: people's upward mobility, about improving their quality of life, we,
00:58:11 --> 00:58:12: we tend to look backwards.
00:58:12 --> 00:58:16: A lot of people, you know, you know, how we
00:58:16 --> 00:58:17: got to where we were.
00:58:17 --> 00:58:21: And, and I think we gloss over the fact that
00:58:21 --> 00:58:25: forget income, we had a housing boom in this country,
00:58:25 --> 00:58:29: an exclusionary one, but we had a housing boom in
00:58:30 --> 00:58:36: this country that propelled our economy based on subsidizing homeownership,
00:58:36 --> 00:58:36: right?
00:58:36 --> 00:58:40: Whether it was 0 interest down payments, right, or no
00:58:40 --> 00:58:45: money down payments, low interest loans, you know, certainly significant
00:58:45 --> 00:58:50: incentives for developers, including in Greenfield development, right.
00:58:50 --> 00:58:53: Everybody who bought a Levittown home got one heck of
00:58:53 --> 00:58:54: a subsidy.
00:58:54 --> 00:58:55: That's right, right.
00:58:57 --> 00:58:58: I'd love to have you put on.
00:58:58 --> 00:59:00: We've, we've talked mostly in the micro sense here.
00:59:00 --> 00:59:05: How do you help a prospective homeowner with a program
00:59:05 --> 00:59:09: to get, you know, that person and and a finite
00:59:09 --> 00:59:14: number of others right a a relatively small number of
00:59:14 --> 00:59:18: others into that home ownership track and how do you
00:59:18 --> 00:59:22: assist that process at a macro policy level?
00:59:23 --> 00:59:26: I would love your thoughts on how do we do
00:59:26 --> 00:59:30: this at a broad scale, not just for we were
00:59:30 --> 00:59:34: able to move a cohort of 100 people into homes.
00:59:35 --> 00:59:38: And while now might not seem the time to think
00:59:38 --> 00:59:41: about federal policy, the reality is you look at things
00:59:41 --> 00:59:43: like the CHIPS and Science Act.
00:59:43 --> 00:59:46: And that started that work started in the Obama

administration.
00:59:47 --> 00:59:49: It didn't kick in until the Biden administration.
00:59:49 --> 00:59:51: So I feel like now is the time to talk
00:59:51 --> 00:59:53: about what are the macro things we should be looking
00:59:54 --> 00:59:54: at.
00:59:54 --> 00:59:54: And I'd love your thoughts.
00:59:55 --> 00:59:58: I'm happy to jump in on that, and I think
00:59:58 --> 01:00:01: I just hopped over from across the hall at another
01:00:01 --> 01:00:02: panel that did lift up.
01:00:04 --> 01:00:08: Some of the regulatory, regulatory barriers that builders face.
01:00:08 --> 01:00:12: So when you think about just some of the challenges
01:00:12 --> 01:00:15: that our builders have when it comes to actually creating
01:00:15 --> 01:00:19: the supply and really chipping in on that supply shortage.
01:00:19 --> 01:00:25: We talked about here in Atlanta, we struggle with land
01:00:25 --> 01:00:28: use and zoning policies.
01:00:28 --> 01:00:32: And at A and EP, we have tried to focus
01:00:32 --> 01:00:36: on what we call a gentle density approach to, you
01:00:36 --> 01:00:39: know, finding ways to creatively.
01:00:41 --> 01:00:44: And I think we've worked on with you guys on
01:00:44 --> 01:00:48: this work, right, Amanda, where we might, you know, if
01:00:48 --> 01:00:50: we have a, a, a, a piece of land, we
01:00:50 --> 01:00:54: may, you know, decide to put a couple of smaller
01:00:54 --> 01:00:57: homes or do something creative so that it is within
01:00:57 --> 01:00:58: cold.
01:00:58 --> 01:01:01: But there has been a lot of resistance when you
01:01:01 --> 01:01:03: talk about what does that look like on a scale,
01:01:03 --> 01:01:05: on a, on a broader scale.
01:01:05 --> 01:01:08: And I think probably nationally that is also the case.
01:01:09 --> 01:01:13: But I'm definitely focusing on how we we sort of
01:01:13 --> 01:01:19: from AI mean when we think about what could immediately
01:01:19 --> 01:01:21: open the floodgates.
01:01:21 --> 01:01:25: The first thing that comes to mind is zoning and
01:01:25 --> 01:01:27: land use like that.
01:01:27 --> 01:01:29: To me, that's sort of at the top of the
01:01:29 --> 01:01:29: chain.
01:01:29 --> 01:01:33: And then you have other things that I think impact,
01:01:33 --> 01:01:37: you know, just this access to capital from a developer
01:01:37 --> 01:01:38: side, right?
01:01:38 --> 01:01:41: Just having flexible capital that's available A and EP as
01:01:41 --> 01:01:44: a part of that closing the gap initiative I mentioned
01:01:44 --> 01:01:47: earlier that we've been working on for five years.
01:01:47 --> 01:01:52: We had a $50 million commitment to actually support BIPOC

01:01:52 --> 01:01:58: developers and partners and vendors within our industry so that,
01:01:58 --> 01:02:02: you know, as they are building houses for us, they're
01:02:02 --> 01:02:06: also benefiting as small businesses, right?
01:02:07 --> 01:02:12: And we have actually to date invested $71,000,000 in those
01:02:12 --> 01:02:15: partners, which has far exceeded our goal.
01:02:15 --> 01:02:19: But I think, you know, from a systemic perspective, when
01:02:19 --> 01:02:21: you talk about the things that need to shift, it
01:02:21 --> 01:02:24: is, you know, it's not only on that micro level,
01:02:24 --> 01:02:27: but how do we be intentional with, you know, the
01:02:27 --> 01:02:30: policies that we have internally and how we should.
01:02:32 --> 01:02:32: Thank you all.
01:02:32 --> 01:02:35: I think it's the time we have I, I just
01:02:35 --> 01:02:38: think that to your point, my partner works in the
01:02:38 --> 01:02:39: healthcare space.
01:02:39 --> 01:02:42: And so when we think about this, you know, federally
01:02:42 --> 01:02:46: where where our dollars go, it's not really in personnel,
01:02:46 --> 01:02:48: it really is in defense and in healthcare.
01:02:48 --> 01:02:52: And so the in his organization, the talk is there's
01:02:52 --> 01:02:53: going to be a void.
01:02:54 --> 01:02:55: What are we going to put in it?
01:02:55 --> 01:02:58: So let's prepare ourselves where, what are those things that
01:02:58 --> 01:03:01: we want to advance at the ready, right?
01:03:01 --> 01:03:04: There'll be systemic opportunities that we that can be placed
01:03:04 --> 01:03:07: in that void after whatever is happening that we have
01:03:08 --> 01:03:08: no control.
01:03:09 --> 01:03:12: But thinking more proactively, I think it's really important.
01:03:12 --> 01:03:15: And as a Latina woman, I think that the business
01:03:15 --> 01:03:16: case is so important.
01:03:16 --> 01:03:19: Not that I agree with what's happening right now, but
01:03:19 --> 01:03:21: I think that we have to think about cities as
01:03:21 --> 01:03:22: vibrant.
01:03:22 --> 01:03:25: I mean, Prince George's County is an incredible example of
01:03:25 --> 01:03:25: that, right?
01:03:26 --> 01:03:28: It's about economic mobility.
01:03:28 --> 01:03:31: And so I think that that will move not necessarily
01:03:31 --> 01:03:34: not the DI is not important, but it's a different
01:03:34 --> 01:03:36: entry point to the conversation.
01:03:36 --> 01:03:40: It's about vibrancy for everyone, not just for some, right?
01:03:40 --> 01:03:43: It's about great places to live, work and that you
01:03:43 --> 01:03:46: have all the services that you need for it to
01:03:46 --> 01:03:48: be a great community no matter what age you are,

01:03:48 --> 01:03:49: right?
01:03:49 --> 01:03:51: So I just think of the amount of nurses that
01:03:51 --> 01:03:53: are people of color and Latinos, right?
01:03:53 --> 01:03:55: And we all going to need them, right?
01:03:55 --> 01:03:57: And so why don't we build housing that it is
01:03:57 --> 01:03:59: easier for them to be able to give us the
01:03:59 --> 01:04:02: quality of life, you know, it's even, you know, thinking
01:04:02 --> 01:04:04: about our own well-being, right?
01:04:04 --> 01:04:05: So how do you make that?
01:04:05 --> 01:04:08: So it has been a pleasure working with you.
01:04:08 --> 01:04:10: I think this is their second all women panel.
01:04:10 --> 01:04:12: And yes, diversity matters.
01:04:12 --> 01:04:14: But I think right now this is all we need
01:04:14 --> 01:04:14: to thank you.
