

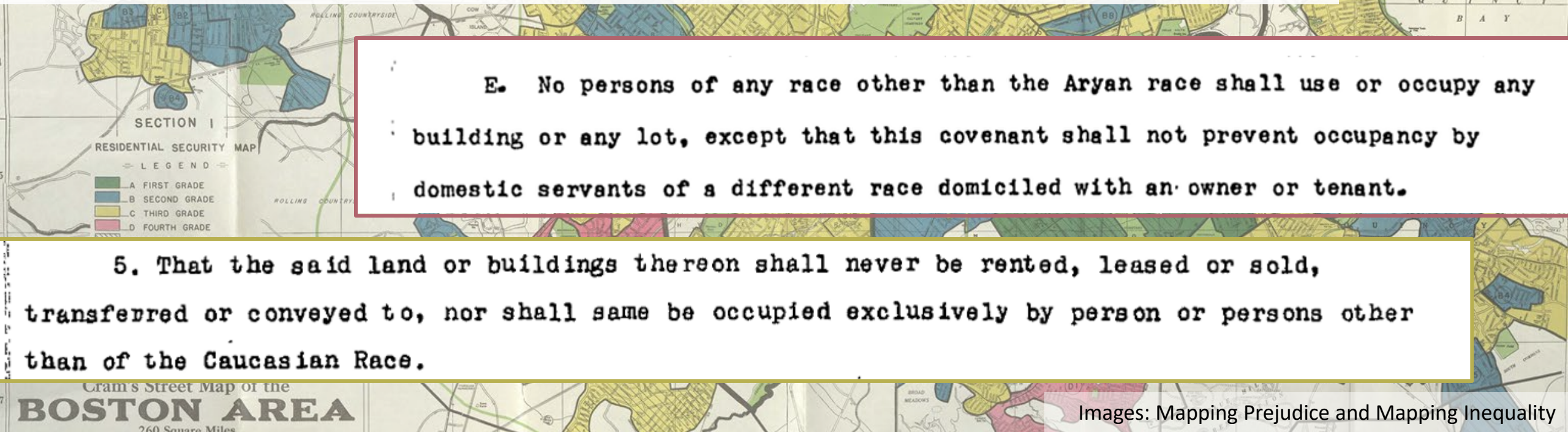
# Addressing Racial Homeownership Gaps

Chrystal Kornegay

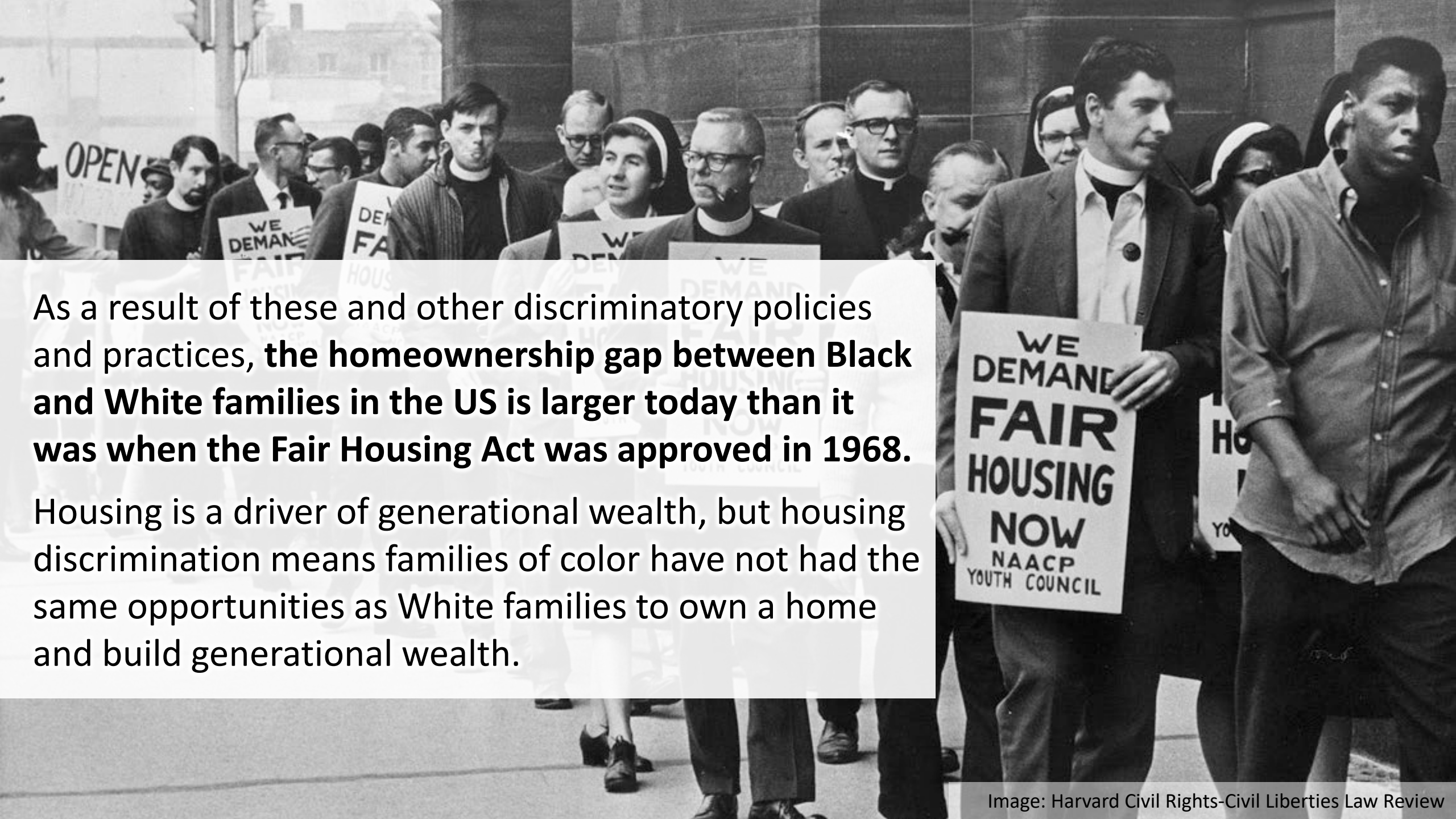
November 30, 2021



- Through **redlining**, the federal government denied government-backed mortgages for purchases in communities of color.
- **Legal racially-restrictive deeds** prevented households of color from moving to certain neighborhoods.
- Housing developers were **denied federal construction loans** if they did not include racially-restrictive deeds.





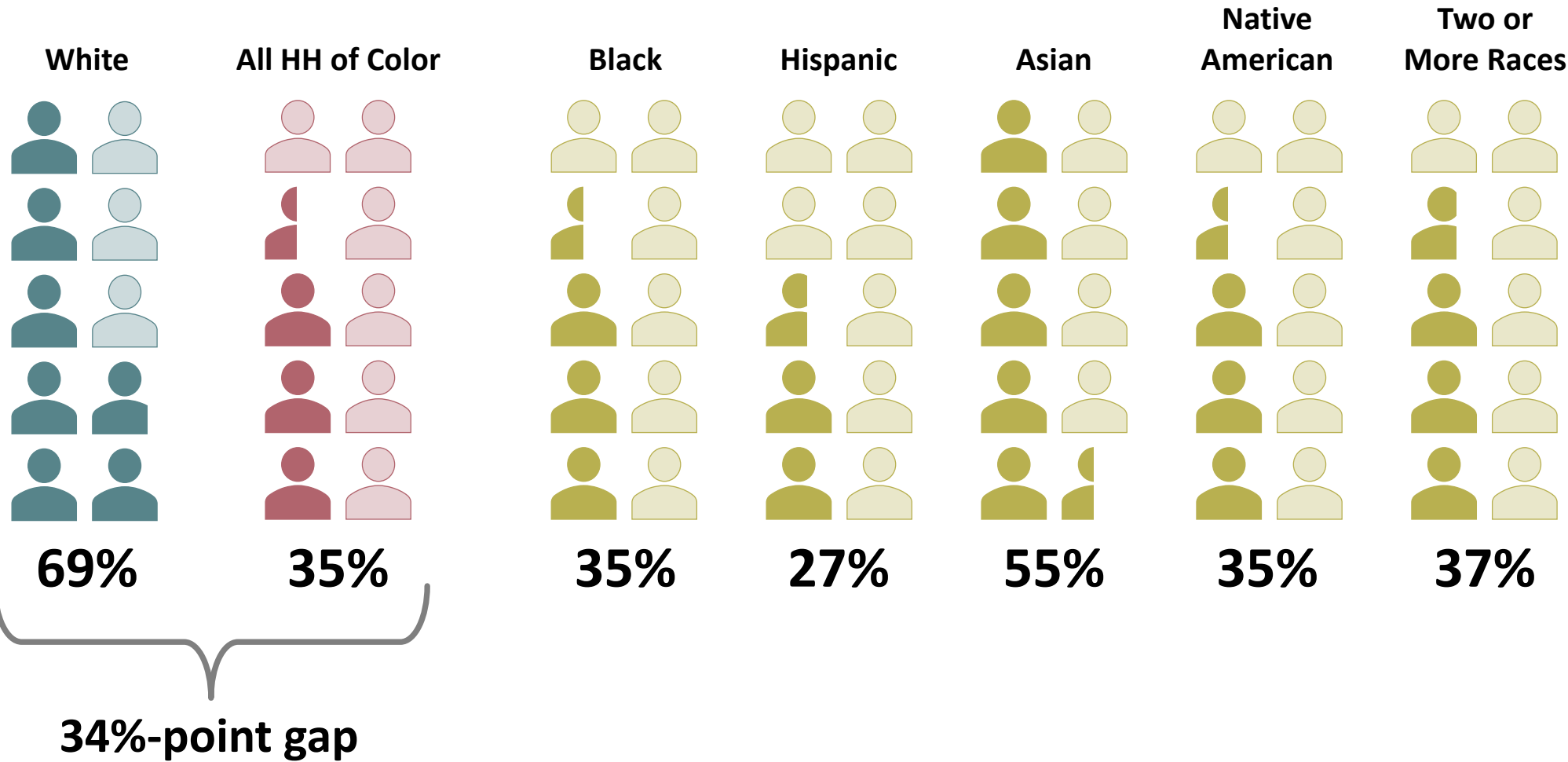


As a result of these and other discriminatory policies and practices, **the homeownership gap between Black and White families in the US is larger today than it was when the Fair Housing Act was approved in 1968.**

Housing is a driver of generational wealth, but housing discrimination means families of color have not had the same opportunities as White families to own a home and build generational wealth.

In Massachusetts, there is a 34%-point gap between homeowners of color (35%) and White homeowners (69%) – one of the largest racial homeownership gaps in the nation.

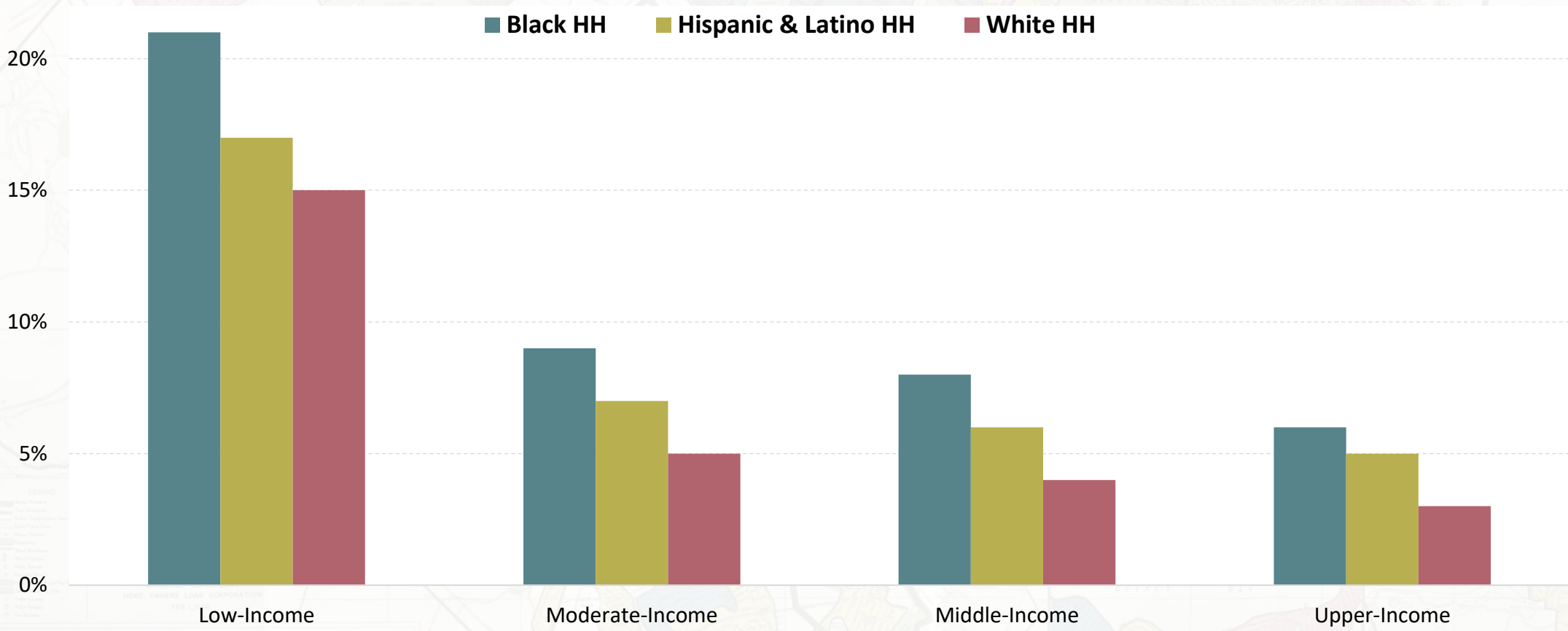
MA Homeownership Rates





**Black and Hispanic households are also three times more likely to be denied for a mortgage than White households, regardless of their income.**

**Denial Rates by Race & Income in MA, 2019**





# Demand-side solutions:

## Down Payment Assistance

- Launched in March 2018
- Provides up to 100% financing to first-time homebuyers earning up to the Area Median Income
- Enhancements for homebuyers earning under 80% of the AMI
- Down payments are a significant barrier to homeownership, especially first-generation homeownership.
- DPA has been effective at helping first-time homebuyers achieve homeownership, especially among buyers of color.

**1,700**

New homebuyers of color since launch of MassHousing DPA

**57%**

DPA utilization by buyers of color

**47%**

overall growth in home purchase loans to buyers of color since DPA launch



# Supply-side solutions: Commonwealth Builder Program

- Communities where buyers of color are purchasing homes are particularly under-served by homeownership production
- Boston and the mid-sized Gateway Cities have lots of new rental construction activity, but virtually no for-sale starter homes are being built in communities of color.
- CWB launched June 2019, \$60M state capital.
- Program goals: Add new product in communities of color and build generational wealth.
- Geographic targets: Build new supply where we have demonstrated demand from the homebuyers we seek to serve.
- Designed to be paired with MassHousing DPA products.







## Scaling up our work

CommonWealth Builder initially capitalized with \$60M in state funds – enough to build 500 new homes

It is largest state-level housing program of its kind – and we need to do exponentially more

Federal ARPA funding presents a unique opportunity to scale up

- Gov. Baker proposed devoting \$500M in ARPA funding to advance equitable homeownership, including \$200M to grow CWB
- State Legislature's first ARPA spending round currently in conference committee

To date, no state has committed ARPA funds to homeownership production

How do we align financial resources with the scale of need we're addressing?





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