



National Association of Real Estate Brokers, Inc.

9831 Greenbelt Road - Suite 309 | Lanham, MD 20706

March 17, 2020

The Honorable Steven Mnuchin
Secretary, U.S. Department of the Treasury
799 9th St NW
Washington, DC 20001

Dear Secretary Mnuchin:

We are writing you on behalf of the National Association of Real Estate Brokers, Inc. (NAREB), the country's oldest, professional organization for black and minority real estate professionals. Since 1947, NAREB has been the leading advocate for black homeownership. Like the rest of our country, our members all across the nation have been affected by the COVID-19 virus that has been sweeping the entire world. From a health standpoint, we look to protect the thousands of black real estate agents who make their living through face to face interaction and encourage the Federal Government to pull all the resources necessary to curtail this pandemic. However, NAREB sees the real danger stemming from an economic slowdown that can not only affect all those who have chosen real estate as their profession but can alter the housing market for an entire generation if proper action is not taken.

Homeownership is the pillar of financial stability of most Americans and provides the structure that defines our communities. Historically, during an economic downturn, it is Black communities that are hit the hardest. In the most recent example, prior to the 2008 financial crisis, Black homeownership rates were as high as 49% in 2004¹. While most other communities have since recovered if not flourished in the years after, the current homeownership rate among Black families sits at 44%. With the current trajectory of the economy, there is a clear and present threat that jeopardizes the progress that has been made. NAREB would like to present a few action items that Congress could take as they address the COVID-19 crisis:

- 1.) Support a mortgage forbearance program for FHA loans that will keep more families in their homes during this crisis.
- 2.) Establish a task force that is directed to streamline the HUD 203k mortgage loan program which will expand access to affordable loans to consumers that are in aging markets
- 3.) Support the American Dream Down Payment Savings Plan Act, a bill that we have been working on in both houses of Congress.
- 4.) Use Section 342 of the Dodd-Frank Act to ensure that diversity and inclusion is at the focal point of this recovery.
- 5.) Establish a \$25 million minority Homeownership Outreach program

We believe that these steps will provide the necessary tools to help Americans begin the recovery process after this national crisis.

¹ <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>



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In aftermath of the 2008 Financial Crisis, Fannie Mae and Freddie Mac offered mortgage relief programs to homebuyers that were hit hard by the crisis. This allowed for homebuyers who had mortgages that were backed by these Government Sponsored Entities (GSE's) to get the support they needed to avoid foreclosure. Unfortunately, only a small percentage of those GSE backed loans are held by black families and therefore they were not able to benefit. With projected layoffs due to COVID-19, it is imperative that these types of programs are expanded, especially to Federal Housing Authority (FHA) loans which handle a vast number of mortgages from black families.

With the housing market being at the mercy of COVID-19, there is a high probability that homeowners will look to stay in their houses longer even as its condition deteriorates. The intention of the 203K loan offered by HUD was to offer homeowners a safe product that could help refinance and rehabilitate their current home or purchase a new one while also considering rehab costs. This is a great opportunity to expand access to quality homes especially for homeowners or homebuyers that are in markets with an older housing stock. However, the execution of said program is cumbersome due to unnecessary regulation and preventing the program from reaching the people that need it the most. For American families to survive this economic downturn due to this medical crisis, we must be able to protect their property values as much as possible.

The most important period for anyone in the Real Estate industry is between June and August. It is during these critical months where a bulk of purchases will be taking place and COVID-19 threatens to disrupt that time because there is a strong likelihood that homebuyers will not have the capital needed to purchase. According to our 2019 State of Housing in Black America report², one of the biggest barriers to home ownership, especially amongst Black consumers, is saving for the down payment. We at NAREB have been working on the "American Dream Down Payment Savings Plan" Act for a year and half with the goal of setting up specialized accounts where a beneficiary can contribute pretax dollars (up to \$12,500 per year and up \$102,000 total) toward the down payment of a home. The goal of this bill is to break down barriers to the housing market and provide a clear path for more people to achieve the dream of homeownership.

For the United States Government to implement a recovery plan that is equitable for all Americans, a main pillar of that effort should be on diversity and inclusion. It is well documented that communities of color tend to experience a delayed recovery in the aftermath of major economic turmoil. In order to address this issue in 2008, Congress had passed the Dodd-Frank Act and added section 342 which prioritized diversity and inclusion during the recovery. By requiring a wide array of stakeholders to have a seat at the table, you are expanding opportunity to communities who would otherwise be forgotten.

Since the September 30, 2019, the Black homeownership has been on steady incline from 40% to 44% however still far below the historic high of 49% in 2004. This increase in Black homeownership is partially due to NAREB's Two Million Black Homeownership In Five Years (2MN5) which focuses on advocacy, education, outreach, financial literacy and community, civic and faith based engagement.

² <http://www.nareb.com/shiba-report/>



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Additionally, NAREB recently launched a component of the 2MN5 that focuses on black millennial homeownership. The House Then The Car (HTTC) seeks to convert the 1.7 million mortgage-ready black millennials earning over \$100,000 per year to homeowners. We implore the leaders of the federal government join us in this effort to close the racial wealth gap through affordable, sustainable and accessible homeownership. Providing funding for minority homeownership outreach will create jobs for contractors, suppliers, locksmiths, landscapers, painters, real estate professionals and many others.

Our country is currently at a crossroads, and the next steps will affect not only our physical, but also our economic health for years to come. We believe that these steps will put Americans in the prime position bounce back immediately following this national health pandemic and creates a sense of optimism for the future. We look forward to working closely with your office and if you have any further questions, please reach out James Privette, Policy & Advocacy Coordinator, via email: james.privette@nareb.com, or phone: 301-552-9340.

Sincerely,

Donnell Williams

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National President

Michele Calloway

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cc: The Honorable Maxine Waters, Chairwoman, House Committee on Financial Services
The Honorable Mike Crapo, Chair, Committee on Banking, Housing and Urban Affairs
The Honorable Patrick McHenry, Ranking Member, House Committee on Financial Services
The Honorable Nancy Pelosi, Speaker, US House of Representatives
The Honorable Kevin McCarthy, Minority Leader, US House of Representatives
The Honorable Charles Schumer, Minority Leader, United States Senate
The Honorable Richard Neal, Chairman, Ways and Means Committee
The Honorable Richard Shelby, Chairman, Appropriations Committee
The Honorable Patrick Leahy, Ranking Member, Appropriations Committee
The Honorable Mitch McConnell, Majority Leader, United States Senate
The Honorable Kevin Brady, Ranking Member, Ways and Means Committee
The Honorable Ben Cardin, Ranking Member, Committee on Small Business and Entrepreneurship
The Honorable Chris Van Hollen, Member, Committee on Banking, Housing and Urban Affairs
The Honorable Karen Bass, Chairwoman, Congressional Black Caucus
The Honorable Ben Carson, Secretary, Department of Housing and Urban Development
The Honorable Brian Montgomery, Deputy Secretary, Department of Housing and Urban Development
Ms. Caren Street, Executive Director, Congressional Black Caucus