

EXECUTIVE SUMMARY

Buying a home is the biggest single investment most people will make in their lives. Homeownership is a cornerstone of America's healthy, vibrant communities, and benefits individual families by helping them build stability and long term financial security. But sadly, homeownership is out of reach for many Americans – especially for minority families. For millions of these families, homeownership is a distant, unreachable dream.

President Bush has a comprehensive agenda to help increase the number of minority homeowners by at least 5.5 million before the end of the decade.

While the overall homeownership rate has reached an all time high of nearly 68 percent, the statistics show a clear and persistent homeownership gap:

- ☑ Despite increases in minority homeownership during the decade of the 1990s, large persistent gaps between non-Hispanic whites and minorities remain and have narrowed only slightly;
- ☑ According to HUD, in 1994 the minority homeownership rate was 26.8 percent below the rate for white households;
- ☑ The African-American homeownership rate was 27.5 percentage points below the white rate, and the Hispanic rate was 28.8 percentage points below the white rate;
- ☑ The second quarter Census data for 2002 shows that non-Hispanic whites have a 74.3% homeownership rate, while African-Americans have a 48% rate and Hispanics a 47.6% rate; and
- ☑ Asian-Americans and other races have a 53.7% homeownership rate.

A new report from the Department of Housing and Urban Development (HUD) – which analyzed the most recent homeownership data from the U.S. Census Bureau – highlights the many barriers that prevent minority families from owning their own home. The barriers include:

- ☑ **A lack of inventory of affordable single-family housing available for sale in many areas where a majority of residents are minority families;**
- ☑ **A need for downpayment assistance, which affects minority families to a greater extent than non-Hispanic whites because they have less accumulated wealth that can be used to help children with downpayments;**
- ☑ **A lack of access to affordable mortgage credit;**
- ☑ **A lack of understanding of the homebuying process;**
- ☑ **Weak credit histories, often arising from a poor understanding of financial matters and where financial counseling is required;**
- ☑ **A lack of information about available homeownership programs in the community; and**
- ☑ **Language difficulties or cultural differences.**

It doesn't have to be this way. The President's agenda will help tear down the barriers to homeownership that stand in the way of our nation's African-American, Hispanic and other minority families by:

- ◆ **Providing Downpayment Assistance.** The single biggest barrier to homeownership is accumulating funds for a downpayment. The President has proposed \$200 million annually for the American Dream Downpayment Fund to help roughly 40,000 families a year with their downpayment and closing costs.
- ◆ **Increasing the Supply of Affordable Homes.** The President wants to dramatically increase the supply of homes available to low and moderate income families. The President has proposed the Single-Family Affordable Housing Tax Credit, which will provide approximately \$2.4 billion to encourage the production of 200,000 affordable homes for sale to low and moderate income families.
- ◆ **Increasing Support for Self-Help Homeownership Programs.** The President's budget triples funding for organizations, such as Habitat for Humanity, that help families help themselves become homeowners through sweat equity and volunteerism in their communities.
- ◆ **Simplifying the Home Buying Process & Increasing Education.** When buying a home today a buyer faces a confusing and complicated process. The President and HUD want to empower homebuyers by simplifying the home buying process so consumers can better understand and benefit from cost savings. The President also wants to expand financial education efforts so that families can understand what they need to do to become homeowners.

The President also believes that government alone can't close America's homeownership gap. It is critical that our government challenge the private sector to take concrete steps to tear down the barriers to homeownership that face minority families. The President is issuing "America's Homeownership Challenge" to the real estate and mortgage finance industries to join in his effort to increase the number of minority homeowners by 5.5 million families by the end of the decade. Many organizations have already responded to the President's challenge by committing to:

- ☑ Substantially increase by at least \$440 billion, the financial commitment made by the government sponsored enterprises involved in the secondary mortgage market, specifically targeted toward the minority market;
- ☑ Launching twenty-five different local initiatives across the nation, geared toward eliminating the specific homeownership barriers faced by minority families in those communities;
- ☑ Raising \$750 million in below-market-rate investments by 2007, which will work in collaboration with local homeownership initiatives and be targeted to heavily minority program areas;
- ☑ Pursuing strategic partnerships in 20 top housing markets between homebuilders, lenders, local officials, and community leaders to develop approaches that address the local challenges to building homes for minority families living in urban centers;
- ☑ Establishing faith-based housing partnerships between the participants and at least 100 churches, mosques, synagogues, and other faith-based institutions;

- ☑ Aggressively developing new mortgage products so that conventional market alternatives are available to combat the predatory loan products that are disproportionately targeted to minorities;
- ☑ Creating new mortgage products to meet the unique needs of recent immigrants;
- ☑ Dramatically expanding financial education efforts for minorities, providing financial counseling to at least 380,000 minority families, and taking measures at the local level to reduce predatory lending; and
- ☑ Establishing multilingual, consumer-oriented internet Web sites designed to help minorities overcome barriers to homeownership, including creation of a central data bank of affordable housing programs made available to real estate agents when working with clients.