

Black Families Need Federal Down Payment Assistance Program To Increase Homeownership In Los Angeles

NAREB Cites Discriminatory Housing Policies, Urges U.S. Senate to Pass Legislation

LOS ANGELES, CALIFORNIA, UNITED STATES, July 11, 2022 /EINPresswire.com/ -- With skyrocketing home prices and rampant housing discrimination over decades, Black homeownership in the Los Angeles metro area needs a significant boost from the federal government. Support, such as a federal down payment assistance program, can help families and individuals build wealth and generate pride in their communities.



In Los Angeles, Black homeownership has fallen to 34.6%, the 124th lowest among metropolitan areas across the country, according to researchers at Stacker newswire. There is a gap of 17% between the Black and White (51.7%) homeownership rates.

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“A legacy of discriminatory policies and practices prevented Black people from building intergenerational wealth, as White families did. Much of that wealth came from the equity in homes that were purchased throughout the last century,” said Mark Alston, owner of Alston Associates Mortgage Company and Public Affairs Committee Chair for the [National Association of Real Estate Brokers](#) (NAREB).

In Washington, lawmakers recognize the barriers limiting Black homeownership but have not enacted enough corrective measures. The House passed a \$10 billion down payment assistance program for first-time, first-generation homebuyers as part of H.R. 5376, the original Build Back Better Act. But it has stalled in the Senate where negotiations are under way to determine which provisions will move forward.

Alston maintained that down payment assistance is critical to increasing Black homeownership.

“Many Black families earn enough to make monthly payments on mortgage loans, but they lack the savings to pay the 20% down payments required,” said Alston, noting that nationwide data shows that Whites have eight times the wealth of Black people.

Lydia Pope, President of NAREB, said numerous studies have documented that federal entities such as Fannie Mae, Freddie Mac, and the Federal Housing Administration (FHA) systematically discriminated and redlined mortgage lending to Blacks.

In fact, FHA mortgage insurance was largely denied to Black people from the 1930s until the Kennedy Administration. “Homeownership was the vehicle that elevated working class White families to the middle class,” said Pope. “The wealth creation made possible through these public/private partnerships for White families was denied Black families.”

Further, Pope said, “The history is important because the wealth built by White families is passed on to millennials today from their grandparents and great grandparents. This money is often the down payment assistance White millennials receive. Black families do not have 2nd and 3rd generation wealth to pass on to millennial grandchildren. This is due to the racial discrimination by government and the real estate industry.” Thus, NAREB sees federal action now as a remedy for the past racial bias.

In addition to the down payment assistance program, NAREB asserts that Loan-Level Price Adjustments (LLPAs) should be ended. When families qualify for mortgage loans, LLPAs allow lenders to adjust interest rates upward based on credit scores. And Private Mortgage Insurance



Mark Alston, owner of Alston Associates Mortgage Company and NAREB Public Affairs Committee Chair



NAREB President Lydia Pope

Companies can also increase their rates for mortgage insurance. A [comprehensive study](#) by the Journal of Financial Economics found that risk-equivalent Latinx/Black borrowers pay significantly higher interest rates on GSE-securitized and FHA-insured loans because of LLPAs. These rate differences cost minority borrowers more than \$450 million yearly.

NAREB also calls for federal action that would create uniform calculations for student loans on debt-to-income estimates for mortgage loan applications. Standard guidelines are needed for FHA, Fannie Mae, Freddie Mac, and Veterans Administration loans so the calculations are not left to lenders.

“With federal programs and inclusive practices and policies, America can turn the Black home ownership narrative into a positive one,” said Alston. “But the time for action is now.”

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For print or broadcast interviews with NAREB President Pope or NAREB VP Felton, please contact Michael Frisby at Mike@frisbyassociates.com or 202-625-4328. □

ABOUT THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

NAREB was formed in 1947 to secure the right to equal housing opportunities regardless of race, creed, or color. NAREB has advocated for legislation and supported or instigated legal challenges that ensure fair housing, sustainable homeownership, and access to credit for Black Americans. Simultaneously, NAREB advocates for and promotes access to business opportunities for Black real estate professionals in each of the real estate disciplines.

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