

# Historic Housing Legislation Makes Progress; NAREB Warns that It Fails to Address Core Barriers to Black Homeownership

*NAREB's 2025 SHIBA report highlights that Black women face unprecedented, compounding challenges in pursuing homeownership and wealth-building*

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/EINPresswire.com/ -- While provisions in the 21st Century ROAD to Housing Act seek to improve federal housing programs, increase the supply of affordable housing, and limit private equity purchases of single-family homes, the [National Association of Real Estate Brokers](#) (NAREB) warns that the first

bipartisan housing legislation in decades fundamentally fails to address the core issues critical to increasing Black homeownership. Severe disparities in credit access, rampant appraisal bias, and the urgent need for downpayment assistance remain unresolved by the bill's current framework.



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*Ashley Thomas III, NAREB  
President*

The [NAREB 2025 State of Housing in Black America](#) (SHIBA) report detailed how systemic inequities continue to obstruct the path to Black homeownership. The comprehensive study notes the steep challenges Black homeowners face, particularly Black millennials. Data reveals that only 33% of Black millennials currently own homes, a stark contrast to the 65% homeownership rate of White millennials. The overall Black homeownership rate is 44.2%, according to the Federal Reserve Bank of St. Louis.

It remains significantly lower than the 75.1% rate enjoyed by White families. The SHIBA report also highlights that Black women face unprecedented and compounding challenges in pursuit of property ownership and wealth-building.

“The legislation focuses on laws, policies, and regulations that can fuel the construction of more affordable housing in America,” said Ashley Thomas III, NAREB’s President. “We applaud those efforts and support the legislation. But the overlapping pressures of trade policy, fiscal strain, shifting credit standards, and rising ancillary costs, such as insurance, have created a challenging

landscape for potential homeowners, especially for Black home buyers.”

Sponsored by Sens. Tim Scott (R-S.C.) and Elizabeth Warren (D-MA), the 21st Century ROAD to Housing Act combines provisions from separate Senate and House bills to increase housing supply and overall affordability. The legislation must now return to the House of Representatives for final approval, or a conference committee will be appointed to negotiate necessary changes. Current provisions within the act aim to reshape federal housing programs by emphasizing new housing production, mandating local zoning reform, and streamlining outdated federal regulations that slow down development.



The legislation takes ambitious steps to increase the construction of affordable housing units nationwide. It raises the public welfare investment cap from 15 percent to 20 percent, enabling banks to significantly expand their capital investments in affordable housing development. Furthermore, the bill seeks to update the HOME Investment Partnerships and Community Development Block Grant programs to better serve modern infrastructure needs. However, a controversial provision preventing any single corporate investor from owning more than 350 homes is currently under heavy fire from critics. Detractors claim this cap has an unintended consequence that would drastically limit the construction of single-family rental homes, ultimately hurting working-class families who rely on rental availability.

NAREB maintains that investor home purchases must be strictly curtailed to protect families' interests. The influx of corporate capital into the single-family housing market has drastically altered the playing field, leaving individual families unable to compete with all-cash offers from institutional buyers.

“The growing presence of investor homebuying is changing access to homeownership, rental prices, and neighborhood stability in many markets already strained by affordable-housing crises,” Thomas said. “Their influence is more pronounced in starter-home markets and fast-growing metropolitan areas, where their buying strategies target highly competitive price segments.”

In rapidly developing areas such as Atlanta, Charlotte, and Memphis, institutional buyers disproportionately target low-income ZIP codes characterized by rising property values, low homeownership rates, and noticeably weak tenant protections. This strategic acquisition of properties prevents local residents from capitalizing on the increasing equity in their own neighborhoods.

“In Atlanta, investor ownership exceeds 40% in some majority-Black neighborhoods,” Thomas said. “In Memphis, investor acquisitions in majority-Black areas more than doubled between 2020 and 2022. These patterns echo historical redlining, while corporate buyers avoid affluent White neighborhoods with restrictive zoning and strong civic resistance.”

Meanwhile, the SHIBA report found that Black women seeking to become homeowners face unmatched challenges as broad economic disparities and deep-seated systemic inequities continue to widen. Recent federal jobs data and independent research reveal that Black women are disproportionately affected by the current economic slowdown. They are dealing with rising unemployment, stagnant wages, and persistent discrimination, all of which create monumental obstacles to basic financial stability and eventual homeownership.

While the overall national unemployment rate remained relatively low through mid-2025, Black women have experienced much sharper increases in joblessness compared to other demographic groups. According to the Economic Policy Institute, the median wages for Black women in 2024 were just 70% of those earned by White men. This specific disparity translates to a massive annual pay gap of nearly \$19,000 for full-time workers. This financial gap has only widened further in 2025, significantly exacerbating the economic strain placed heavily on Black women and their families.

“Many Black women continue to face systemic barriers that undermine their economic security,” Thomas said. “Addressing these challenges strengthens our entire community.”

The economic challenges that Black women face are compounded by the fact that they are vastly overrepresented in sectors like health support, administrative work, and public service jobs. These crucial industries are often the very first to face severe cutbacks during broader economic downturns. Additionally, well-documented discrimination in hiring and promotions, combined with heavy caregiving responsibilities, further limits their ability to successfully reenter the workforce after a period of job loss.

The SHIBA report determined that mortgage credit availability remains exceptionally tight across the entire financial sector. Lending standards have become remarkably stricter across the market, reflecting a combination of heavy regulatory caution and broad risk aversion among major lenders. The median credit score required for purchase loans has risen steadily over the past two years. This deeply constrained credit environment disproportionately restricts lending opportunities for lower-wealth and first-time borrowers, effectively locking millions of potential minority buyers entirely out of the traditional housing market.

The report placed a strong emphasis on how these complex market dynamics disproportionately impact minority households and vulnerable communities. Mortgage applications submitted by Black borrowers have sharply declined to their lowest recorded point in several years. Furthermore, when Black applicants do manage to apply for loans, they face mortgage denial

rates that are significantly higher than those of their White counterparts. Lenders consistently cite high debt-to-income ratios and brief credit histories as the primary reasons for issuing these loan denials.

The credit scoring process and heavily automated underwriting systems continue to present significant, structural barriers for minority applicants. While some newer underwriting models actively incorporate trend data and consistent rental payments into their calculations, the racial disparities in base credit scores remain stark. This persistent divide is further compounded by widespread inequality in access to traditional financial services. Ongoing bank branch closures disproportionately affect minority neighborhoods, forcing residents to rely on high-fee alternative financial products. Automated underwriting systems, though ostensibly designed to be entirely race-neutral, still produce highly unequal results. They rely heavily on traditional financial metrics that accurately reflect and essentially encode deep-rooted structural inequalities.

“Black borrowers who successfully secure mortgages frequently encounter higher upfront costs and are more likely to receive high-cost loans,” Thomas said. “Guarantee fees and loan-level pricing adjustments charged by Freddie Mac and Fanny Mae continue to penalize borrowers making smaller down payments or presenting lower credit scores. This effectively diminishes the long-term wealth-building benefits of homeownership for those who need it most.”

The SHIBA report outlines several key policy recommendations designed to address these deeply intertwined housing and economic crises. Limiting massive investor purchases is an absolute necessity, and there must also be transparent reporting of all investor real estate transactions to help level the playing field for working families. Local homebuyers can be significantly empowered with vastly expanded financing options, particularly for property rehabilitation and specialized construction loans, which are needed to help them successfully compete with vast Wall Street capital.

Additionally, aggressively modernizing outdated federal lending guidelines is deemed essential to promote fair and equal access properly. Current regulatory rules often unfairly affect borrowers living in community property states by strictly requiring mortgage lenders to include a spouse’s existing debt when qualifying the primary applicant, without considering the spouse's independent income. Aligning Federal Housing Administration lending guidelines with modern conventional market standards will improve nationwide uniform access to necessary credit.

“Federal agencies must take decisive action to end appraisal bias,” Thomas said. “Enhancing oversight, increasing transparency in automated valuation models, and adopting standardized fair valuation frameworks are critical steps toward building a more equitable housing finance system. Ensuring that homeownership is accessible, affordable, and sustainable for all communities remains a fundamental economic imperative for America’s future.”

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## ABOUT THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

NAREB was formed in 1947 to secure 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 across all real estate disciplines. From the past to the present, NAREB remains an association that is proud of its history, dedicated to its chosen struggle, and unrelenting in its pursuit of the REALTIST®'s mission/vision embedded goal, "Democracy in Housing."

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