



March 17, 2021

The Honorable Maxine Waters  
Chair, Financial Services Committee  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, DC 20515

*RE: "Justice for All: Achieving Racial Equity through Fair Access to Housing and Financial Services"*

Dear Chairwoman Waters:

Thank you so much for the opportunity to provide a letter for the record related to the hearing entitled, "Justice for All: Achieving Racial Equity through Fair Access to Housing and Financial Services" that took place on March 10, 2021. The National Community Stabilization Trust and the Homeownership Alliance commend you for considering a broad and powerful array of legislation to address the pervasive and long-standing racial inequities in our housing and financial systems.

Founded in 2008 in response to the foreclosure crisis, The National Community Stabilization Trust (NCST) strengthens communities by facilitating the redevelopment and reuse of vacant, single-family (1-4 unit) homes. This work has a double bottom line: it prevents neighborhood blight while increasing the supply of high-quality properties available for affordable homeownership or responsible rental. NCST also develops sources of affordable capital for community-based developers, conducts original research related to property disposition, blight, rehab, and homeownership, and advocates for better policies in these issue areas.

Additionally, NCST sponsors the Homeownership Alliance, whose members are some of the leading nonprofit, mission-focused homeownership lenders and developers from across the country. These organizations prepare families to become successful homeowners and finance, renovate, and develop affordable homes that are assets for communities and the families that live in them.<sup>1</sup>

NCST and the Homeownership Alliance are firmly committed to strengthening neighborhoods of color and promoting racial equity in homeownership. It is clear that the vast difference in homeownership rates between white families and families of color is a key driver of the racial wealth gap. These homeownership and wealth inequities are likely to widen as a result of COVID-19.

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<sup>1</sup> The Homeownership Alliance has 22 Founding Members. They are: Atlanta Neighborhood Development Partnership (GA); cdc (TX); Center for Community Self-Help (NC); Champlain Housing Trust (VT); CHN Housing Partners (OH); Cinnaire (MI); Community Housing Capital (GA); Fahe (KY); Homewise (NM); Hogar Hispano (DC); Housing Development Fund (CT); Indianapolis Neighborhood Housing Partnership (IN); MaineStream Finance (ME); Michigan Habitat for Humanity (MI); Neighborhood Housing Services of Chicago (IL); NeighborWorks Columbus (GA); NeighborWorks Southern Colorado (CO); NeighborWorks Western Vermont (VT); New Jersey Community Capital (NJ); Renaissance Community Loan Fund (MS); The Housing Partnership, Inc. (KY); and The Resurrection Project (IL).

As the witnesses at the “Justice for All” hearing so eloquently described, there are many obstacles to homeownership in communities of color. These include lower appraisals, higher tax bills, language barriers, discriminatory credit scoring models, and other obstacles stemming from disparate impact of policies or racial discrimination by lenders, brokers, realtors, or appraisers.

A particularly significant obstacle to accessing credit is the down payment requirement. Many homebuyers obtain assistance from family members or other sources in obtaining that first down payment, but families of color tend to have lower family wealth (especially intergenerational wealth), which makes it harder for them to meet even modest down payment requirements.

An equally intractable problem is the inequitable impact of high home values and low inventory of affordable housing in many geographies. In those higher cost communities, which are often areas with the greatest access to jobs and other opportunities, the low supply of homes results in ever-increasing home values, and even down payment assistance cannot enable many families to achieve homeownership under these circumstances. At the same time, in other areas of this country where more homes are affordable, obstacles to homeownership include lack of access to mortgage lending for smaller mortgages as well as blight and disinvestment in many communities that discourages homeownership there.

NCST and the Homeownership Alliance look forward to engaging with you and the staff of the Financial Services Committee to build out and move forward these critical pieces of legislation, especially the proposed bills related to down payment assistance, appraisal bias, borrowers with Limited English Proficiency, and ensuring access to sustainable Federal Housing Administration-backed loans. NCST also has joined other organizations in more detailed letters related specifically to the LEP and appraisal bills.

Thank you again for the opportunity to comment. Please let us know how we can be of assistance in your important work to advance racial equity, decrease the racial wealth gap, and ensure fairness in our nation’s housing markets.

Sincerely yours,

A handwritten signature in cursive script that reads "Julia Gordon". The signature is written in black ink and includes a horizontal line extending to the right from the end of the name.

Julia Gordon  
President, National Community Stabilization Trust