

## Task Force on Addressing Racial Disparities in Home Ownership Identified Barriers, Challenges, and Issues

Barrier Category	Challenge / Issue
Building costs / purchasing costs / supply	<p>Gap between incomes and the cost to buy or build a home is greater for communities of color</p> <p>Available housing stock (quantity/quality) across state is low</p> <p>Land costs are high</p> <p>Insufficient new construction in rural areas</p> <p>High cost of developing a single-family parcel in rural communities</p>
Education / awareness	<p>Teaching financial literacy in schools is not common</p> <p>Language barriers (such as availability of forms in various languages)</p> <p>Mortgage lender training / program knowledge can be limited</p> <p>Few individuals from communities of color are mortgage ready.</p> <p>Lack of culturally sensitive / knowledgeable programs</p> <p>Knowledge gaps for borrowers and lenders</p>
Finances / credit / funding	<p>Inability to accumulate a down payment</p> <p>Available capital / investments in programs that exist</p> <p>Attractiveness of certain loans or programs to funders (costs per person can be high)</p> <p>Community of color wealth gaps / lack of generational wealth</p> <p>Poor credit score / lack of alternatives to traditional credit check</p> <p>Disconnect between incomes and market prices / the cost to build a home.</p> <p>Inconsistent job history / employment gaps</p> <p>Mortgage interest rates / rates can be biased based on existing models of credit</p> <p>Mortgage readiness / prospective homebuyers need assistance early in the process</p> <p>Limited number of individual development accounts (IDAs)</p> <p>Language barriers between the potential homebuyer and lenders / brokers</p> <p>Source of down payment funding / Unconventional funding layers add complexity to transactions and can create disadvantages for the borrower (potential homebuyer)</p> <p>Credit histories impacted by defaulting on predatory loans from the Great Recession</p>

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Housing programs / policy gaps	<p>Down payment assistance limitations such as gaps in assistance for person who earn between 80-100 percent of the adjusted median income (AMI)</p> <p>A need for goals for serving communities of color</p> <p>Lack of consistent, sustainable leadership and program capacity in rural areas.</p> <p>Federal 184 loan program (Indian Country and native Hawaiian loans, guaranteed by HUD) not widely available / issues with trust land / longer process</p>
Mindset / cultural beliefs / traditions	<p>Cultural beliefs about banks or credit that may discourage trusting lending institutions</p> <p>Cultural preferences for single-family housing as opposed to multi-family units.</p> <p>Utilization of lending circles / lending circles not part of traditional credit score</p> <p>Personal or business income sources (documentation)</p> <p>Low availability of multi-generational housing</p> <p>Lack of resources for financial literacy and learning</p> <p>Learning from cultural differences (tailoring programs to different communities)</p>
Mortgage lending	<p>Illegal discrimination and lack of enforcement</p> <p>Incentivize lenders / brokers to serve populations with more complex transactions and to offer certain lending programs</p> <p>The requirement for Private Mortgage Insurance (PMI) can be cost prohibitive</p> <p>Tracking discrimination through Home Mortgage Disclosure Act of 1975 (HMDA) data / recent decline in self reporting</p> <p>Closing timeline is extended for program participants</p> <p>Language barriers / access</p> <p>Different debt-to-income ratio guidelines for different companies / affordability</p> <p>Lack of continuing education for lenders regarding available programs</p>

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Other	<p>Access to affordable homes within a homebuyer's community</p> <p>Generational benefits of homeownership</p> <p>History of discrimination and segregation</p> <p>Indians may own land, but the ability to access capital to build on that land may not be there</p> <p>Intersectionality; barriers to homeownership include gender, race, income</p> <p>Lack of job opportunities that pay enough to save to purchase a home</p> <p>Legal status as an obstacle to home ownership</p> <p>Long distances or geographic barriers make it more difficult and less appealing to provide services to rural residences</p> <p>Partnerships with tribes and serving American Indians, Alaskan Natives</p> <p>Diverse communities in the rural areas / access to services</p> <p>Support for access and language services</p> <p>Brain waste / credentialing for immigrant / refugee communities</p> <p>Lack of professional reciprocity</p> <p>Sellers with down payment assistance are being disadvantaged in competitive markets</p>
Other policies/ regulations	<p>Land use policies (such as zoning)</p> <p>Mortgage interest deduction (as a subsidy)</p> <p>Housing programs and systems favor rental assistance over homeownership</p> <p>Review professional licensure requirements for brokers, real estate agents, etc. (implicit bias awareness, language barriers, experience rating, designation for those that specialize in home ownership programs)</p>