

EDITORS' PICK | Jun 17, 2020, 11:27am EDT | 1,604 views

National Association Of Realtors Issues A Five-Point Strategy To Boost Black Homeownership



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I cover residential real estate, including buying, selling and trends.



Historically, homeownership has been the best way to build wealth. GETTY

Historically, homeownership has been a key to wealth accumulation for most American families, driving not only financial prosperity, but also the health of communities.

The interest in home buying is strong as reflected in a recent surge in mortgage applications however, there is not enough supply to meet demand, according to Lawrence Yun, chief economist for the National Association of Realtors.

With much of the nation's attention focused on combating [racial inequality](#), particularly as it relates to African Americans, Yun says the following five-point plan would increase the number of black homeowners and help close the persistent gap in homeownership rates between whites and blacks:

- **Build more homes to increase supply:** The lack of housing supply makes converting from renting to owning very difficult. The lack of viable purchase options and resulting competition rapidly pushes up home prices, precluding some potential first-time buyers from entering the market.

- **Build more homes in opportunity zones:** NAR strongly supports opportunity zones as a means by which to invest in the revitalization of economically-distressed areas.
- **Increase access to down payment assistance:** Saving for a down payment can be the biggest hurdle for renters wanting to become homeowners. In recent years, a growing number of first-time buyers received help from family members with their down payments. However, due to historical gaps in accessing and accumulating wealth, it's much more difficult for African Americans to obtain substantial financial assistance from family members. Therefore, increased access to federal down payment assistance based on a certain income threshold is vital, particularly for African Americans.
- **Strengthen FHA's loan program:** FHA loans have been an important source of financing for first-time buyers and minority households. Shifting federal dollars to strengthen the FHA program could lower mortgage insurance premiums and monthly mortgage payments.
- **Expand alternative credit-scoring models:** Expanding credit scoring models to include rent and utilities payments – and thereby adding more positive payment histories to better demonstrate financial responsibility – can help increase homeownership opportunities for minority and first-time buyers.

In a sign that the housing market continues to show forward momentum, construction of new houses rose 4.3% in May to a seasonally adjusted annual rate of 974,000 units from a five-year low of 934,000 in April.

“Though housing starts in May recovered slightly from the prior month, this marks two consecutive months of depressed levels – down by more than 20% from one year ago – due to the disruption from the economic lockdown,” said Yun. “Significant growth in new home construction, however, is required in the upcoming months and possibly even stretching into the next three years.”

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Yun added, “Before the pandemic, America faced a housing shortage of around 5 to 6 million homes due to multiple years of underproduction of new homes. Now, in the middle of 2020, the housing shortage has intensified. Consequently, home prices will be pushed higher, thereby making ownership opportunities for first-time buyers more difficult. More homes need to be built.”

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