Yun's Commentary on How to Promote Black Homeownership

June 19, 2020

Homeownership has long been tied to long-term wealth in the U.S., meaning that lagging ownership numbers for Blacks and other races often leads to less financial prosperity to pass through generations. As the nation looks to address racial inequality, housing leaders are identifying steps the industry can take to improve the disparity.

Lawrence Yun, chief economist for the National Association of REALTORS®, recently shared some thoughts with Forbes.com to boost Black homeownership.

**Increase housing supply.** A lack of housing inventory will force greater populations into renting, Yun says. The shortages of homes for sale is causing home prices to rise rapidly and pricing out many first-time buyers. Yun calls for builders to increase the supply of homes to help alleviate shortages, which have only intensified since the pandemic. “Significant growth in new-home construction … is required in the upcoming months and possibly even stretching into the next three years,” Yun says.

**Focus on opportunity zones.** These areas have been designated by the federal government as ripe for revitalization, including for housing and commercial. Investors who invest in an opportunity zone over the long haul can be eligible for significant tax breaks. NAR has supported opportunity zones as a way to revitalize economically distressed areas.

**Adapt credit scoring models.** Yun calls for expanding credit scoring models so that they take into account timely rent and utility payments. This could help add more positive payment histories to borrowers’ credit reports. Housing analysts also believe it is important to help boost homeownership opportunities for minorities and first-time buyers.

**Offer greater down payment assistance.** Saving for a down payment is often one of the biggest challenges in becoming a homeowner. More first-time home buyers are turning to family members for assistance. But historical gaps in accumulating wealth can make it more difficult for Blacks to receive financial assistance from family members. Yun says that increasing federal down payment assistance programs is critical to helping more Blacks become homeowners.

**Strengthen the FHA.** The Federal Housing Administration offers loans for first-time buyers and minority households, but it has faced financial hardship for years. Yun says that shifting federal dollars to strengthen the FHA could help lower mortgage insurance premiums and monthly mortgage payments to open a wider pathway to homeownership.

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