CONTACT:

Charlie Shaddox
Communications Manager
Partnership for Strong Communities
203.435.2149
charlie@pschousing.org

REPORT: HOMEOWNERSHIP PROGRAMS NEED AN EQUITY FOCUS TO NARROW THE WEALTH GAP

Fifty-three years after the passage of the Fair Housing Act of 1968, the wealth gap between Black and white Americans is as wide as it has ever been. A new report argues that flexible and equitable homeownership programs are key to closing this gap, while providing recommendations on how lawmakers in Connecticut and beyond can create better homeownership assistance programs.

Building A More Equitable Homebuying System, a report released today and written by researcher Thalia Giraldo, provides an overview of how exclusionary practices have contributed to a massive gap in homeownership between Black and white families. At a time when Connecticut is engaged in a long-term discussion about the connection between housing and equity, this report provides a roadmap for building a more just state through homeownership programs.

41.8 percent of Black families in America own homes, as compared to 71.9 percent of white families. In the last ten years, the gap between Black and white homeownership rates has widened.

"Closing the gap for homeownership starts with intentional policies and programs that make homes more affordable," writes Giraldo. "For low-to-moderate income people who can make monthly mortgage payments, homeownership assistance programs remove an enormous burden, and jump start their homeownership process. They can be incredibly impactful when targeted towards historically marginalized communities."

The report argues that many homeownership assistance programs contain fees and restrictions that undermine the programs' purpose. Because of these restrictions, also called "strings attached," lower-income homebuyers are often burdened with higher monthly costs than higher-income homebuyers would pay for the same home.

Homeownership is a key path to building wealth in the United States. Primary residences account for 30 percent of all household wealth in America. The gap in homeownership rates is one reason why the net worth of the median Black family ($17,150) is just 10 percent that of the median white family ($171,000).

To close the racial gaps in homeownership and wealth, the report recommends "intentional policies and programs that make homes more affordable," and proposes a framework to determine whether homeownership programs advance equity. This framework includes four criteria:

1. Does the policy or program penalize low-to-moderate income people by charging them a fee or adding an unnecessary requirement in order to use program benefits?

2. Does the policy or program add to the users' monthly expenses, making their monthly mortgage more expensive/ less affordable?

3. Does the policy or program restrict the users' ability to choose where to live and where to work in a way that may hinder them from pursuing better opportunities that can lead them to financial stability?

4. Does the policy or program work to correct or undo the historical effects of systemic racism?

As Connecticut's lawmakers continue to develop legislation related to housing and equity, this report provides a roadmap to closing the homeownership gap and building wealth for families of color.

Thalia Giraldo earned a B.A in Sociology and Latin American Studies from Colby College and an M.A. in Public Policy from Trinity College. She continues to study and contribute to housing equity practices in Connecticut.

The Partnership for Strong Communities is a statewide housing policy, advocacy, and research organization. The Partnership's mission is to promote equitable public policy with the goal of expanding housing opportunity and ending homelessness in Connecticut.

A link to the report can be found at www.pschousing.org/equitablehomeownership.

###