



# *National Association of Real Estate Brokers, Inc.*

9831 Greenbelt Road - Suite 309 | Lanham, MD 20706

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HUD-2019-0092

January 30, 2020

Department of Housing and Urban Development  
Office of General Counsel  
Regulations Division  
451 7<sup>th</sup> St SW, Room 10276  
Washington, DC, 20410

RE: White House Council Eliminating Regulatory  
Barriers to Affordable Housing

To whom it may concern,

Thank you for the opportunity for the National Association of Real Estate Brokers (NAREB) to comment on the establishment of the White House Council on Eliminating Barriers to Affordable Housing. This council provides the opportunity to address the national housing crisis through the lens of homeownership.

NAREB has since 1947 been an advocate for black homeownership and is comprised of black real estate professionals from more than 36 different state across the country. We are committed to addressing the affordability crisis in the United States through the lens of homeownership encouraging both the construction of new homes, as well as protecting consumers from discriminatory lending practices. Currently, black homeownership across the country sits at 44% as of Q4 2019 according the U.S. Census Bureau. Even though this number is the highest it has been in several years, it still does not reach the numbers that were seen pre 2008 (49% in 2004) while our white counterparts have all but recovered from the crisis. NAREB believes that the conversation of Affordable Housing, should not solely be about the rental market, but the homebuying market as well, especially in Black communities.

In order to address the issue of black homeownership we would like to put forth a few suggestions that the Council should tackle during its tenure.

### **Investment into down payment assistance programs:**

One of the biggest barriers to homeownership is saving enough money for the down payment. Currently, a lot of the states and municipalities have these types of programs that are organized by either private or government entities. While this is a step in the right direction, some of these programs only put a dent in the demand for down payment assistance and usually these programs have income-based restrictions that can definitely serve low to moderate income (LMI) homebuyers but can leave the middle class stranded.



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These programs will also help bring in a new generation of homeowners. According to the Urban Institute, more than 19 million millennials in 31 American cities are, “mortgage ready”, meaning they have the financial stability to enter the homebuying market. The Urban Institute cites saving for a down payment as one of the biggest barriers to purchasing a home.<sup>1</sup>

We advise that HUD work with communities to either start more of these programs or bolster existing ones. An example would be:

### **The Homeownership Center, Dayton Ohio:**

- This program offers qualified applicants a down payment assistance of up to 10% of the home’s value.
- Household income must be 80% of area median income
- Must live in the property for a minimum of 5 years

Programs like these can prove to be critical especially in communities that have historically suffered economically.

### **Incentive program for the purchasing of government owned properties**

Properties that are owned by government entities are assets that can be used to jumpstart homeownership in communities that are in the most need. Therefore, there should be incentives given to potential homebuyers to be in the market for these types of properties. One incentive that should be considered are establishing programs that center around student loan debt. The millennial generation is now of age to be key players in the homebuying market and yet it is well documented that student loan debt is a major factor limiting the financial freedom of this generation. Therefore, the Council should consider investing in programs that address this issue, for example:

### **Maryland SMARTBUY 2.0 program:**

- Program helps qualified homebuyers pay off their student loan debt (Up to 15% of the home’s value with a maximum of \$40,000) while they are in the process of buying a home
- Properties are currently owned by the state
- Entire student loan balance must be paid by the time of closing

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<sup>1</sup> [Laurie Goodman & Sarah Stochak, “More than 19 million millennials in 31 US cities are ready to become homeowners”, September 26,2018](#)



## Address Labor Shortage

Part of the reason the country has experienced this affordability crisis is due to a labor shortage. After the Housing Crisis in 2008, there was a net loss of 1.5 million jobs in the homebuilding industry between 2005-2010 according to the National Association of Home Builders in their January 6th, 2020 white paper<sup>2</sup>. As a result, production of new homes in the 2010s nearly halved from the previous decade (6.8 million starts vs 12.3 million starts respectively). If you consider the growth in population, the data proves to be even more daunting:

**1960s:** 47,997 starts  
**1970s:** 53,138 starts  
**1980s:** 41,588 starts  
**1990s:** 41,710 starts  
**2000s:** 41,671 starts  
**2010s:** 21,288 starts

With the current demand continuing to rise, there is a real concern that a labor shortage in the homebuilder industry will hinder the building of more single-family homes. In a survey conducted by NAHB, the 2<sup>nd</sup> most challenging issue facing homebuilders is, “Cost/Availability of Labor” trailing “Building Material Prices” by only 5 percentage points<sup>3</sup>. As of October 2019, there over 300,000 job openings in the construction industry. There is an obvious demand that needs to be met, primarily through outreach and training programs, that encourages more people to enter this field, especially in Black communities where jobs are needed the most.

This council should make a serious effort to include Black workers and black owned companies when developing solutions to for this supply side problem.

The HUD White House Council Eliminating Regulatory Barriers to Affordable Housing has the potential to present significant ideas that can address the current housing crisis that this country is facing. The Council should commit to both developing new programs and fortify existing ones that support a growth in homeownership. NAREB wants to also ensure that racial disparities and inequities are also being considered during your deliberations because Black communities have historically been ostracized from the housing market. It is imperative that we do not continue to leave our communities out of the homeownership conversation for the foreseeable future. We look forward to working with this Council and will gladly be resource to tackle this issue.

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<sup>2</sup> [Robert Dietz, “A Decade of Home Building: The Long Recovery of the 2010s”](#), January 6<sup>th</sup>, 2020

<sup>3</sup> [Ashok Chaluvadi, “Top Challenges for Builders: Materials in 2018, Labor in 2019”](#), March 18<sup>th</sup>, 2019



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Sincerely,

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