



STATE OF HOUSING IN BLACK AMERICA
2015



**NATIONAL ASSOCIATION
OF
REAL ESTATE BROKERS, INC.**

LETTER FROM THE PRESIDENT NATIONAL ASSOCIATION OF REAL ESTATE BROKERS, INC.



As president of NAREB, I must report the current and continuing decline in the rate of home ownership among African Americans. However, I take great pride in sharing how NAREB is working to positively impact the lack of affordable housing not only for African Americans, but also for the working poor and other unserved and underserved groups.

Through State of Housing in Black American (SHIBA) forums and events, we have sought to educate real estate professionals and consumers about the intricacies of home buying and home ownership out of our belief that the lack of real estate and financial literacy in our communities is the primary contributor to our low rates of home ownership.

At the heart of the unrest in our cities is the nightmare experienced by a vast majority of African Americans as they aspire to achieve the “American Dream.” Most recently, Baltimore lost millions through the closing of restaurants, hotels, retail stores and other businesses as well as the loss the jobs, the negative impact on transportation, and the destruction of public and private property. As we know, what happened in Baltimore was not isolated to that city. Rather, it was symptomatic of the lack of inclusiveness that permeates every aspect of every city for every African American.

Home ownership is critical to citizens having a vested interest in their communities and to asset building and accumulating wealth for future generations. Therefore, as African Americans, we must have more equitable access to capital, more opportunities to access affordable housing, and more realistic credit score requirements and down payment terms to positively impact our rate of home ownership. Further, these and other pro-housing initiatives must be supported by assistance programs and better enforcement of the current laws that protect consumers in their quest to navigate the housing market. The key to success, however, is not to react “in the moment” with the unrealistic expectation of instant gratification, but to start a strategically comprehensive movement to build financial wealth.

NAREB is doing its part; but we need help from others such as federal, state, county, and local governments and federal, state and local organizations and businesses to work with us—together, hand-in-hand. NAREB seeks to change the mindset of African Americans from one that focuses on the past and the present to one that embraces home ownership as an integral part of our financial culture and the pathway to creating a legacy of wealth for generations to come.

Donnell Spivey
President

THE STATE OF HOUSING IN BLACK AMERICA

(SHIBA)



This is our charge as African-American real estate professionals to stay engaged with the policymakers to ensure that policy put into law does not create barriers. It is our charge to ensure that policies created and put into play are not the rules used to deny or limit access to capital. Our communities, our families and friends were drastically affected by the financial crash; but now we must be the group that will renew hope within our profession and within our communities.

Educating the real estate professional about what options are available for financing is a time-sensitive, critical component to rebuilding wealth within our community. We are the foot soldiers on the ground. We must be educated before we can inform and show the community the ways to access financing to acquire assets that build wealth. Our community needs to be encouraged, educated and shown the way to home ownership. NAREB, led by the Spivey Administration, has traveled across the country in the past two years sounding the alarm that "home ownership is the #1 priority" for African-American communities.

I am proud to have served as chairwoman of the elected leaders of NAREB who supported the aggressive efforts to educate both the real estate professionals and our communities about how to access the resources for home ownership. It is especially rewarding to know that as the leadership changes the focus will not. The organization is committed to rebuilding wealth within our community. The next component necessary to continue that quest is advocacy. It is necessary that we identify and create the policies necessary to close that wealth gap. NAREB in 1947 sounded the cry for fair housing and did not stop until the Fair Housing Act was passed in 1968. In 2015, NAREB will not stop until the home ownership rate for our communities is in an equitable position.

“The Realist Spirit”

Andrea Hilliard Cooksey

Chairwoman

LETTER FROM THE COORDINATOR
NATIONAL ASSOCIATION OF REAL ESTATE BROKERS, INC.
STATE OF HOUSING IN BLACK AMERICA FORUMS



Since 2006, it has been both my honor and pleasure to serve as the Press Conference & Solutions Platform Coordinator of the National Association of Real Estate Brokers, Inc.'s (NAREB) State of Housing in Black America (SHIBA) Issues Forum. The creation of SHIBA as a NAREB educational platform has positioned the organization and its programs as the premier resource in helping minority communities navigate the pathways to successful pursuits of home ownership.

The national economic downturn severely impacted the African-American community and, as a result, renewed the energy and focus of NAREB on developing new and more effective ways to help close the widening wealth gap between the majority and minority communities. NAREB's Issues Forum laid the foundation for the 2013 SHIBA Annual Report, which was followed by a major press conference that highlighted the findings related to the home ownership and other asset-building disparities inherent within the African-American community. These findings, subsequently, served as the cornerstone for the SHIBA Solutions platform—created to ensure that real estate professionals and consumers be armed with critical information to help them continue to build, rebuild, or protect and strengthen their wealth through home ownership and other asset-and wealth-building vehicles.

Consumers and home owners are in need of factual and helpful communications to enable them to make informed decisions that not only impact the quality of their lives today, but also the lives of their families for generations to come. Therefore, the partnerships that we can build, maintain, and nurture help SHIBA educate African Americans and other minority communities about the products and services that meet the needs and aspirations of these communities.

NAREB's believes that the continuous preparation and sharing of information about the inner workings of the housing industry through: (a) education, (b) advocacy, and (c) minority inclusion position African Americans and other minorities for successful pursuits of home ownership—the #1 vehicle to building wealth and strengthening communities.

NAREB understands the realities minority communities face in the pursuit of home ownership and is, therefore, best suited to meet the challenge of educating Black consumers and housing professionals, advocating for fair and equitable housing policies, and increasing industry job opportunities for African Americans at all levels to address the disparities that impact our communities. Our members proudly continue to work within their communities to help individuals and families own a home, build a life, and plant the roots that contribute to making their communities thrive.

C. Renee Wilson
Coordinator

EXECUTIVE SUMMARY

The recent recession and foreclosure crisis resulted in the loss of over one trillion dollars in assets by African Americans. The severity of the situation also rendered significant changes to the mortgage finance system that will further restrict efforts to recover and build the assets needed for the economic security and financial future of African Americans for generations.

NAREB initiated the State of Housing in Black America Forums to share detailed economic and demographic forecasts as well as reports from the frontlines of home ownership advocacy with African-American leaders, professionals and consumers. The forums were designed to develop strategic action plans to address the persistent and emerging barriers to home ownership for people of color, especially for African Americans. The forums were offered in 14 select cities to inform and educate housing professionals, home owners, potential home buyers, and advocacy and minority groups about the state of the U.S. housing market and opportunities to fine tune legislative initiatives and corporate practices to address the most recent barriers to home ownership.

The forums were successful in providing insights for local, state and national leaders in the African-American community to advocate for changes in policy, programs and practices that will impact the continuing decline of African-American home ownership, the increasing economic insecurity of African-American seniors due to their loss of home equity, and the expanding number of African-Americans cost-burdened by high rents.

The design of the forums aided the strategic planning and solution design processes and were notable for the expertise of the participants and their fervor for the development and dissemination of solutions. The economic and demographic forecasts set the background for the examination of the changes in the mortgage finance system and those trends and factors which were eroding African-American savings and asset-building opportunities.

The forums examined the over-restrictive mortgage requirements and the stagnant employment wages that prevent many African Americans from qualifying for mortgage loans. The reemergence of predatory lending, student loan debt, and high rents, erode the resources available to save for down payments and other forms of asset building such as savings for college education, entrepreneurship, and retirement. The trends in these areas must be monitored so that effective advocacy, policy development and program implementation can be utilized to offset the negative impact of these trends. Without attention to these trends in our strategic planning, the African-American community will be hard-pressed to recover, rebuild or develop new assets and legacy wealth to pass on to the next generation.

Further exploratory and investigative work is needed to expand asset-building programs and strategies, legacy wealth development, and engage the large number of African-American potential buyers that are mortgage qualified, or near qualified, who are sitting on the sidelines of the economy because they have not received accurate information about loan requirements and the assistance of real estate professionals that can guide them to a wide array of more flexible products offered by Fannie Mae, Freddie Mac, major banks and other mortgage companies.

INTRODUCTION

During the recent and most significant downturn of the American economy since the Great Depression, the nation's housing market suffered one of its most devastating periods of economic loss in recorded history. True to form, from a historical perspective, when the country found itself in dire financial straits due to the great recession and foreclosure crisis experienced in 2008, minorities, and those whose socioeconomic status was most fragile, bore the brunt of being negatively affected in larger numbers and to a greater extent than the population at large. More pointedly, African Americans lost over \$1.1 trillion dollars in assets.



Home ownership, which represents the greatest transfer of wealth for African-American baby boomers to succeeding generations, was abruptly interrupted by the loss of home equity and retirement savings—the result of the financial devastation brought on by the recession. Middle-income jobs disappeared, and many have not returned despite the improvement in the economy. Today, African Americans, like many other affinity groups across the country, are hard at work navigating the new trends and changes in the labor market, health care system, mortgage finance system, and business lending industry. Yet, many of these changes continue to present barriers to asset building for the unserved and under-served.

This is especially true for African Americans who, undoubtedly, will face major housing hurdles and economic security crises into the next the decade because of the trends that continue to suppress home ownership and other forms of asset building and the absence of sufficient help for African Americans that are ready, or near ready, to purchase homes. Although there are many encouraging strategies and programs for asset building, housing counseling and financial literacy education, many African Americans that are potential home buyers are not aware of these tools, nor how to maximize the use of these tools to achieve the greatest effectiveness.

Since its founding in 1947, NAREB members and local chapters have served on the frontlines of promoting asset building through home ownership. Yet, NAREB members suffered along with other minority business owners when minority home buying ground to a screeching halt. However, in keeping with its core mission, and in response to the debilitating real estate crisis, NAREB initiated State of Housing in Black America (SHIBA) forums and annual reports as an effective means of educating the African-American community and its leaders about the changes in the real estate market that currently affect home ownership, asset building, and community recovery efforts.

SHIBA Forums are intended to help home buyers, home owners and businesses recover, rebuild and acquire new assets. In addition, for more than 60 years, the African American Realtists and other business owners have been complementing and supporting the efforts of NAREB by providing home ownership education, financial literacy, and technical assistance to minority buyers in choosing properties and evaluating mortgage options.

The first SHIBA forum was held in New Orleans during the rebuilding of that city after Hurricane Katrina. Since that time, 14 forums have been held in cities throughout the country. The forums, designed to help African Americans keep pace with the changing mortgage, legislative and demographic landscapes, focus on building savings and acquiring wealth to provide a secure future for our communities and our children. A major report was prepared in 2013 that provided an overview of the data and trends related to employment, the national economy, and the impact of these factors on home ownership rates in Black America.

The 2015 report summarizes the SHIBA interactive education process and offers a review of the trends explored in the 14 select cities in 2014-2015. The report reveals many of the important trends we must monitor and asset-building strategies we must explore, promote, or expand if we are to improve and capitalize on the acquisition of key assets such as homes, businesses, post-secondary education, and legacy wealth. Such improvements in the asset building of African Americans will not only benefit individuals, families and communities of color, but also will serve to expand opportunities and income for the greater good, benefiting *all* Americans and the national economy at-large.

TRENDS TO WATCH

Over the next 15 years, the U.S. will face several housing crises that will significantly impact African-American economic security. It is, therefore, critical that Black leaders, business owners, families and home ownership advocates carefully monitor the multiplicity of programs, policies, practices and regulations that impact home ownership and other forms of asset building.

The following are some key trends to watch that will guide asset-building advocates in their quest to achieve financial security, if not wealth, through home ownership. Each trend, individually and collectively, can significantly derail home buying by African Americans and, accordingly, should not be viewed in isolation. There are, however, some important trends that are not included as part of this list, as our primary focus is to report on trends that will a) prevent or reduce asset building, or b) erode asset building by draining key resources from African-American individuals and families.

In the absence of efforts to revise or eliminate policies and business practices that erode African-American assets, we also have focused on trends that are subject to change through legislative efforts, corporate policy changes, improved regulations and enforcement, more effective asset-building programs, more widespread participation in current asset-building programs, and an increased emphasis on financial literacy education.

These trends were drawn from recent research studies conducted by the Joint Center for Housing Studies of Harvard University (JCHS), Urban Institute, Center for Responsible Lending, Institute on Assets and Social Policy at Brandeis University, and U.S. Census Bureau.



Trend 1: HOME OWNERSHIP RATES FOR AFRICAN AMERICANS ARE FALLING AND WILL CONTINUE TO FALL

Unless action is taken to eliminate barriers to home ownership, Black home ownership rates are predicted to fall by 13.6%, according to the Urban Institute forecast. The Institute found that Black home ownership rates fell from 46.3% in 2000 to 44.3% in 2010. These rates are predicted to fall even further—to 41.1% in 2020 and to 40% in 2030. (*“Headship and Homeownership: What Does the Future Hold?” Urban Institute, June 2015.*)

HOMEOWNERSHIP RATES BY RACE/ETHNICITY					
RACE/ETHNICITY	1990	2000	2010	2020	2030
White	70.1	72.4	72.2	70.8	69.7
Black	45.2	46.3	44.3	41.1	40.0
Hispanic	43.3	45.7	47.3	46.9	48.2
Other	53.7	53.0	56.3	55.9	56.9
TOTAL	65.3	66.2	65.1	62.7	61.3
<i>Sources: Decennial Census and Urban Institute Projections</i>					
<i>Reprinted from: Goodman, L., Pendall, R., & Zhu, J. (2015). Headship and Homeownership.</i>					

Trend 2: PREDATORY LENDING PERSISTS

Predatory lending schemes drain hundreds of billions of dollars from the U.S. population through mortgages with predatory terms and payday and car title loans. Although most abusive mortgage terms have been legislatively declared illegal, other forms of predatory lending are still siphoning off precious financial resources from American families, especially families of color. For example, the average predatory lending scheme charges 300% to 525% interest. These schemes must be eliminated or the lending rates capped, preferably at a maximum interest rate of 36%. The fight against these predatory lending schemes must be strengthened and accelerated, and the lobbying efforts to preserve them must be closely monitored, if not obstructed. (*“The State of Lending in America & Its Impact on U.S. Households,” Center for Responsible Lending, June 2015.*)

Trend 3: OVER-RESTRICTIVE MORTGAGE LENDING REQUIREMENTS

Responses to the foreclosure crisis have been designed to lower the risks of future home mortgage defaults, resulting in the tightening of the mortgage lending requirements. This practice has led to over-restrictive lending requirements such as 20% down payments, credit scores above 720, and bank overlays (higher requirements) on Freddie Mac, Fannie Mae and FHA financing than previously required.

The Urban Institute’s analyses of lending data for 2001-13 indicate a 37% drop in home purchase loans among borrowers with credit scores between 660 and 720, compared to a 9% decrease among borrowers with higher scores as cited by Harvard’s JCHS in its 2015 “State of Housing in America Report.” Despite the success of many nonprofit-managed mortgage programs designed to incorporate home buyer education and savings programs, the mortgage industry still places the majority of the blame for the foreclosure crisis on unqualified buyers rather than on the most significant and detrimental factors—namely, unrestrained predatory lending practices and financial illiteracy.

Mortgage requirements must be monitored and adjusted through advocacy in order to ensure that the requirements are commensurate with the risks. For example, FHA mortgage programs still require life-of-the-loan mortgage insurance, costing the typical home buyer more than thousands of dollars over the course of a 30-year mortgage. A more reasonable and equitable approach could result in a thousands of dollars being made available for asset building.

Fortunately, many banks and mortgage companies have moderated their requirements; however, there are still many African-American individuals and families that are ready, or near ready, to buy homes, but do not have the support needed to navigate the mortgage lending gauntlet. These buyers are too often overlooked, or assumed to be nonexistent.

Trend 4: NEW BLACK HOUSEHOLDS WILL PRIMARILY RENT AT HIGH RENTS RATHER THAN OWN

As a result of barriers to home ownership, more newly established African-American households will opt to rent than to own. Urban Institute's forecast indicates that of the new Black households formed between 2010-2020 only 21% are or will become home owners, as compared to the 51% of new Black households formed between 1990-2000 who became home owners. From 2020-2030, it is predicted that 70% of new Black households will be renters—an overall drop in the rate of home ownership for Blacks from 45.6% during the period 1990-2000 to 40.1% by 2030.

In keeping with the principle of “supply and demand,” as the demand for rental units remains high, rental prices will follow suit and continue to be high. In the absence of an increase in the construction of rental apartments and/or the availability of affordable rental units, rents are likely to remain high, significantly increasing the number of families cost-burdened by high rental housing costs.

Exorbitantly high rent costs prevent many families from saving for home ownership down payments and decrease funds for expenses such as food, college savings, health care, and retirement savings. In 2013, 21.1%, or 9.6 million working households were severely cost-burdened due to housing costs. According to the JCHS of Harvard University: “The cost-burdened share of renters, in contrast [to homeowners], held near record highs in the face of stagnating incomes and steadily rising rents. In 2013, almost half of all renters had housing cost burdens, including more than a quarter with severe burdens (paying more than 50 percent of income for housing).”

Undoubtedly, this trend will have its greatest impact on low-income Black families and the working poor. There is already a deficit of 3.9 million affordable units in the U.S. for families waiting to obtain affordable housing. To make matters worse, the total number of affordable units is expected to decline by 2.2 million over the next decade due to the conversion of affordable units to market-rate units. A tight rental market will likely contribute to more severe decreases in Black home ownership than already predicted. Only the construction of additional affordable rental units can reduce the level of rental costs and avoid the high-rent barrier to savings from worsening. Hence, the preservation of programs to finance affordable units must be closely monitored in an effort to side-step significant increases in number of homeless Black families.

Trend 5: STAGNANT WAGES

While the unemployment rate has declined to 5.3%, real wages have not kept pace with the cost of living and, therefore, have remained stagnant for decades. Predictably, for African Americans, the unemployment rate of 9.1% remains significantly higher than the national average. According to the Urban Institute, real wages for the 25- 34 age group also have declined—a group that represents an important segment of the potential home buyers group. The Urban Institute notes that “stagnation makes it much harder for people of any age, particularly the young, to save enough

for down payments. Even for young adults with good jobs, low vacancy rates and high rents make it more difficult to save.”

Trend 6: STUDENT LOAN DEBT

Student loan debt has an adverse impact on the “debt to income ratios” required to obtain mortgage loans. As continually reported by numerous media outlets, student loan debt has increased from approximately \$300 billion in 2003 to more than \$1.3 trillion in 2014. For students who graduate and pursue high-paying jobs, student loan debt may have little effect on their path to home ownership. However, when students do not graduate or obtain high-paying jobs, or face discrimination in the labor market, student loan debt can significantly diminish their opportunities for savings and asset building. As Congress wrestles with solutions to assuage the negative impact of student loan debt on the economy and home buying by younger generations of Americans, we must carefully monitor the legislative progress to identify solutions and advocate for what we deem to be the most effective of these solutions.

Trend 7: THE AGING OF THE AFRICAN-AMERICAN POPULATION

The Urban Institute notes that “the number of households over age 65 will increase from 25.8 million in 2010 to 35.4 million in 2020 and to 45.7 million in 2030. The largest household increase between 2010 and 2020 will be in the 65-74 age group (birth years 1946-55), with a 6.8 million increase in the number of households.”

African-American baby boomers were, perhaps, the hardest hit by the equity losses due to foreclosures in their neighborhoods and communities. Many of these seniors who managed to hold on to their homes lost 35% or more of their equity and remain “underwater.” As a result, the loss of the equity they hoped to pass on to the next generation, or to use for retirement, has left them almost destitute. Housing African-American seniors and enabling them to “age in place” in their homes will continue to be a major challenge.

The lack of affordable senior rental units, and long-term health care costs will also impact this population. The Institute on Assets and Social Policy (IASP) at Brandeis University noted that while over one-third of all U.S. seniors are economically insecure, “In 2010, half of all African-American senior households were economically insecure, and Latino senior households had even higher rates of economic insecurity (54 percent). Older adults of color remain more vulnerable to economic hardship in their later years, facing higher levels of insecurity, fewer assets, and greater financial burdens for housing and healthcare.” (*“Severe Financial Insecurity among African-American and Latino Seniors,” Institute on Assets and Social Policy, Brandeis University, May 2010.*)

Any changes in the Medicare, Medicaid and Social Security Retirement programs must be monitored, because for many seniors, especially African-American and Latino seniors, these initiatives are the only financial support systems they have left.

TRENDS SUMMARY

There are many barriers to home ownership for African Americans. Over-restrictive mortgage requirements and stagnant wages too often prevent African Americans from qualifying for mortgage loans. Predatory lending, student loan debt, and high rents erode the resources available to save for downpayments and other forms of asset building such as savings for college education, entrepreneurship and retirement. The trends in these areas must be monitored so that effective advocacy, policy development and program implementation can be utilized to offset the negative impact of these trends. Without careful attention and activism to promote the reversal of these trends, the African-American community will be hard-pressed to recover, rebuild, or develop new forms of asset building, including the opportunity to experience the privilege of home ownership.



REACTIONS FROM THE FRONT LINES



“NAREB has helped thousands of Black families become homeowners when no one else would. We must continue to equip our professionals and consumers with the new information and tools provided by SHIBA events. We will continue to fight. We will continue to win. We will continue to our help our community achieve the sense of dignity, pride, and economic security that come with home ownership.”

**Bernie Jackson, Past President
NAREB**

“Two years ago, I had the fortune of representing Freddie Mac at the State of Housing in Black America (SHIBA) events produced by the National Association of Real Estate Brokers (NAREB). The platform was just getting started, and as with any endeavor of this magnitude, there are ‘fits and starts.’ Quickly, the program hit its stride and the discussions that followed indicated to me that WE have the ideas and talent to help propel African Americans, and all of those who desire to own a piece of this nation, into sustainable homeownership. I am proud of the work that NAREB has done with the SHIBA events, and I look forward to continuing my partnership with them.”

**Anthony D. Hutchinson, Director Government & Industry Relations
Freddie Mac**

“The State of Black Housing was a great event! It gave me great information about the work I need to do to improve the economic conditions of my community and clients. With the tools that were provided, it will help me to bring value to my clients’ lives through the information given.”

**Jason Matthews, President & CEO
Matthews Financial & Insurance Solutions
Oakland, California**

“I presented Citibank’s portfolio products: HomeRun and Closing Cost Assistance as well as local down payment and Below Market Rate (BMR) programs in the nine Bay Area counties. The presentation was well received, and I received over 30 business cards from Realtists/Realtors requesting further information about these programs. It was a successful event for both the organizer and sponsors and, more importantly, for the attendees as they received timely and relevant information that will help grow their businesses. We were provided some very eye-opening statistics as to the actual “wealth gap” in America. What was unique is that ideas to remedy the gap were given. The networking at the event was exceptional. I left informed, inspired and directed.”

**Jean Lu, Home Lending Officer
Citibank, N.A.**

“The Las Vegas SHIBA Forum was an overall success! The Las Vegas Event Committee plan was to represent a balanced approach, in both education and motivation of members and guests, with respect to the community’s social, economic, and educational environment. This event did not disappoint. Each of the speakers gave powerful and informative presentations ranging from “The Purpose and Objectives of NAREB” and “Demographics Report for Las Vegas” to “A Lending and Outreach Industry Update,” “Down Payment Assistance Programs,” “Strategic Planning and Development,” and an impressive coaching seminar from The Tom Ferry Coaching Program. Each speaker’s presentation was phenomenal and very insightful, and the information spanned the several real estate disciplines in attendance. By far, it was one of the best events in Las Vegas! NAREBLV members and non-members alike left the event with a renewed sense of motivation to recognize opportunities to motivate, educate, guide, empower, and grow their community’s ability to achieve home ownership, financial comfort, and educational elevation.”

**Jefrie M. Fulton, Participant
Las Vegas SHIBA Forum**

“SHIBA was one of the best events in which we have participated. The event raised awareness of the barriers of home ownership not only in the Black community, but all diverse communities. Thank you!”

**Viola Solomon, SVP & National Community Lending Manager
BBVA Compass**



“The free event (SHIBA/Leadership) was one of the best, well-organized and informational seminars I’ve been to. The speakers were all very knowledgeable and professional.”

**Francine Stanton, Broker/Owner/Realtor
Austin, Texas**

“The two days I spent with you were phenomenal! I thoroughly enjoyed both days and walked away with many nuggets that I have already started implementing in my business.”

**Marilyn Deen, REALTOR®
Austin, Texas**

“We had a great turnout – 83 people the first day and 39 people the second day. We added four new members, raised our brand in the community and learned a lot from the training sessions.”

**J. Rene Ward, Past President
Austin Association of Real Estate Brokers
Austin, Texas**

“The SHIBA Solutions event was very fulfilling and satisfying to see the membership, partners and other organizations absorb the tremendous amount of information and knowledge the presenters and keynote speakers had to share. The program was well-organized and covered an array of topics and subject matters. The SHIBA event crystallized the disparities and how much work is yet to be done. More important, the event emphasized the importance of collaborations which was demonstrated at this event. HBREA was left with a roadmap for addressing the housing and wealth gap needs for Houston resulting from the strategic assessment session. We intend to pursue the roadmap and make the necessary impact in Houston! I have received very positive and encouraging comments from the attendees.”

**John L. Guess, III, President
Houston Black Real Estate Association**

“SHIBA Solutions Houston was an extraordinary event. The panels and keynote speaker brought much-needed insight to the plight of Black America in housing and business specific to Houston. After the panels and statistical data presentation, there was a breakout session to address these effects. It was a time for attendees to take the problems given by the Houston Black Real Estate Association (HBREA) president and create solutions to address them. HBREA was left with a blueprint of sorts to propel our chapter into a position of growth. The superb quality of the program, venue, and food was enjoyed by the more than 125 attendees and is still being talked about months after the event. We can attribute three new members to this quality event. Hats off to NAREB for bringing such a wonderful opportunity to Houston. We look forward to evaluating our progress at next year's event.” In the Realist Spirit....

**Kimberley Barnes, 1st Vice President
Houston Black Real Estate Association**

“I wanted to drop you a line to say how much I enjoyed the conference that NAREB hosted in Houston. All of the speakers were engaging and excited to share information. Being that I needed to update my approach with my clients, I walked away with a ton of information. I couldn't wait to get back to the office and share the experience with the other agents. I really enjoyed the presentation by Ms. Pamela Jolly and her analogy of money vs. wealth and also the group workshop that followed. Unfortunately I will not be in Houston, but I will be joining the local chapter. I give thanks to you and NAREB for the good work being done.”

Obi Bey, Realtor

“I was blessed to be a keynote speaker and educator at SHIBA Forums across the country this year. Speaking and working with the various local NAREB presidents, I had the opportunity to listen to and experience, first-hand, their passion and sincere interest in fulfilling President Spivey's vision of increasing the rates of homeownership in our communities. Given the role ownership plays in closing the wealth gap and the tremendous need for our communities to elevate our standard of business, these events filled a much-needed void in our community dialogue. I want to congratulate NAREB, and specifically President Spivey, for being consistent in their focus and determination to connect with members and their communities. The SHIBA Platform left these communities with clarity around not only the legacy of NAREB, but also ways to carry the legacy forward. As a legacy wealth strategist who is committed to improved financial outcomes in the Black community, I am so grateful for the chance to work with the oldest Black trade organization in our country. You are doing the work that is most needed. Continued success in all that you do.”

**Pamela Jolly, Strategist
Torch Enterprises, Inc.
San Francisco, California**

SHIBA EVENTS



LOCATIONS

NEW ORLEANS, LA

ATLANTA, GA

WASHINGTON, DC (3)

CLEVELAND, OH

HOUSTON, TX (2)

DETROIT, MI

BALTIMORE, MD

PRINCE GEORGE'S COUNTY, MD

CHARLOTTE, NC

CHICAGO, IL

BROOKLYN, NY (2)

AUSTIN, TX

RALEIGH, NC

DALLAS, TX

OAKLAND, CA

BOSTON, MA

SUMMARY

4 - Issue Forums: New Orleans, Washington, Atlanta, and Cleveland

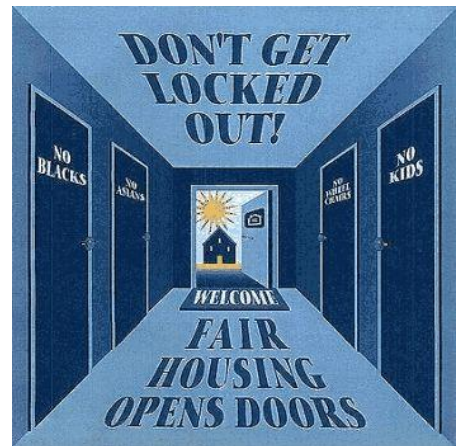
1- Press Conference: Houston, TX

3 - SHIBA Housing Panels & Brain Trust (CBCF-ALC): Washington, DC

4 - Women-Focused SHIBA Solutions Events: Houston, TX; Raleigh, NC; Dallas, TX; Chicago, IL

13 - Real Estate Professionals SHIBA Solutions Educational Events

3 - Consumer, Homebuyer, Homeowner, Veteran, Senior and Youth SHIBA Solutions Educational Events



SHIBA SOLUTIONS

The research data in the 2013 SHIBA Report led to three targeted solutions: education, advocacy and minority inclusion. Education focused on information for real estate professionals and consumers about the changes, barriers and opportunities that were developed in the wake of the recession and foreclosure crisis. Advocacy and minority inclusion focused on providing input about legislation, policies and practices that impact home ownership, so that the experiences and expertise in our communities would not be overlooked or ignored.

SHIBA Forums at each site were designed to meet the local needs and requests for information. The sessions were crafted to bring together participants who could contribute to the discussions, problem solving and solutions. The participants included frontline professionals, consumers, product representatives, local government housing staff, demographers, asset-development advocates, and financial literacy instructors.

The demonstrated outcomes of the forums were:

- Empowered frontline professionals with new tools and strategies.
- Disseminated information to consumers about products, services, pitfalls, sources of assistance, and steps to successful home ownership.
- Improved strategic work with advocacy organizations, local government and corporations.
- Presented overviews of the changing economic political and demographic landscapes.
- Utilized the expertise and in-depth knowledge of local communities and the inherent sensitivity to local conditions—especially employment, crime and education, based on living and working in the communities to which their clients aspire.
- Produced recommendations to fine tune programs, products, services and regulations.
- Shared insights and recommendations with local, state, and national representatives to inform legislative deliberations and modifications to the mortgage finance system.
- Alerted colleagues and consumers about the persistence and reemergence of predatory lending practices.



The SHIBA Forums were well attended and produced enthusiastic responses from both consumers and professionals. NAREB local chapter officials and member Realtists expressed their appreciation for the tools and strategies provided to help them offer more effective services to home buyers and strengthen their businesses and communities. As business owners, they were particularly interested in asset building and legacy wealth building strategies for business owners.

There appeared to be many qualified or almost qualified African-American potential homebuyers that have accepted the media reports of 720 or higher credit scores and 20% down payments as the mandatory requirements for obtaining a home mortgage. These consumers have not received accurate information about loan requirements and the availability of assistance by real estate professionals that can guide them to a wide array of more flexible products offered by Fannie Mae, Freddie Mac, major banks and other mortgage companies.

More outreach and education through financial literacy and asset-building programs in schools, colleges and community institutions are needed to bring these home ownership candidates into the asset-building pipeline and help them succeed. Frontline professionals, such as NAREB Realtists members, also noted that small adjustments to current mortgage requirements would allow more minorities to qualify for loans. They also focused their attention on the destructive impact of predatory lending in the form of payday and car title loans as well as the high cost of housing rents.

Local government representatives were eager to plan strategically to increase minority home ownership in an effort to address the persistent problem of blighted neighborhoods. And, the opportunity to collaborate across sectors was greatly appreciated by the majority of professionals attending the forums. There also was a demonstrated interest in starting or expanding asset-building programs like Individual Development Accounts (IDAs) for home ownership, post-secondary education, and business seed capital.

Participants in many cities indicated a desire to increase the focus on asset- and wealth-building strategies for business and financially successful individuals to produce legacy wealth for their next generations. One of the most effective presenters, Pamela Jolly, noted that “it takes two generations to build legacy wealth and only one generation to lose it.” Participants concluded that

opportunities for financial literacy and wealth-building education need to be expanded in the African-American community to prevent or minimize the loss of hard-won assets in the future, and that home ownership appears to be the key to focusing attention on improving asset building.



SHIBA Consumer Education Events presented:

Asset Building for Economic Security
Steps to Homeownership
Financial Literacy (students and families)
Housing for Veterans
Aging in Place Services
Retirement Strategies
Credit-building and Repair Strategies
Types of Mortgages and Financing Options
Renovation Mortgages
Tax Strategies
Estate Planning

SHIBA Professional Education Events presented:

Industry Updates
Legislative and Regulatory Updates
Demographer/Economist Forecasts
Local Strategic Plan (developed by community stakeholders)
Consumer Service Enhancements
Real Estate Sales Training
Asset-building Policies and Programs
Legacy Wealth Development

SHIBA HISTORY



STATE OF HOUSING IN BLACK AMERICA (SHIBA) SOLUTIONS PROGRAM

NAREB SHIBA OBJECTIVE

NAREB's SHIBA Solutions Program seeks to create, strengthen and enhance relationships with key partners to deliver products that best serve and meet the housing needs of African-American communities that continue to experience vast disparities in affordable housing and home ownership opportunities as compared to America's general population.

VISION STATEMENT (2007)

The vision of State of Housing in Black America (SHIBA) is to elevate the National Association of Real Estate Brokers, Inc. (NAREB) as the real estate industry's "premier national expert" in obtaining and disseminating historical and accurate current information, demographics, and statistics on the state of housing in Black America. Critical to the vision will be communicating this information to the media, industry professionals, the public and private sectors, and the general public—especially the Black community—to prepare a cadre of educated minority consumers to make informed decisions that are in the best interest of themselves and their families.

SHIBA BACKGROUND

The economic recession and foreclosure and financial crises have resulted in the greatest loss of wealth—in excess of \$250 billion dollars—for people of color in modern U.S. history. In response to these crises, the State of Housing in Black America Report was published in August 2013 to ensure that real estate professionals and consumers were informed about the products and services that could help them build, rebuild, protect and strengthen their housing and other wealth-building investments and solidify their quality of life.

BACKGROUND: SHIBA ISSUE FORUMS (2007-2013)

SHIBA Issues Forums were designed to bring to the forefront important data about minority home ownership and housing patterns for consumers, real estate experts, and governmental agencies seeking solutions to the ongoing housing crisis. An integral part of this information has included frontline perspectives and solutions from industry practitioners about the impact of the crisis on asset levels and wealth-building in African-American and other minority communities.

NAREB recognizes that effective solutions cannot be formulated without the benefit of continual and accurate assessments. Post-financial crisis, both homeowners and consumers remain in need of factual and helpful communications that allow them to make informed decisions that will impact the quality of their lives today and the lives of their families for generations to come. Consequently, partnerships that help SHIBA educate the African-American community about products and services that meet the housing needs and aspirations of minority communities continues to be necessary, if not critical.

Previous events with presenters of national and international renown were held from August 2010 - November 2012: New Orleans, LA (Wendell Pierce and Dr. Benjamin Chavis); Atlanta, GA (Rev. Dr. Otis Moss, Jr.); Washington, DC (Congressman Elijah Cummings and Eleanor Norton Holmes); Cleveland, OH (Senator Sherrod Brown); and Houston, TX (Congresswoman Sheila Jackson-Lee, Congressman Al Green's representatives, Doc Holloway, Rev. Paul D. Landrew, Dr. John Rudley, and Dr. Wardlow to name a few).

During these forums, NAREB presented detailed data related to the housing crisis in Black America, including a statistical and historical overview of foreclosures in key cities, a discussion on emerging solutions, and a review of federal policies and the role of Historically Black Colleges and Universities (HBCUs) in addressing the housing problems in neighborhoods near and around these institutions.

