

Advancing Black Homeownership



“When we ignore the challenges faced by the most vulnerable among us, those challenges, magnified many times over, become a drag on economic growth, prosperity and national well-being.”

– Angela Glover Blackwell, PolicyLink

From our roots to our future

Since our founding in 1976, Habitat for Humanity has grown into an international organization promoting decent and affordable housing for all. We found our earliest inspirations as a grassroots movement on a racially integrated farm founded in the 1940s, and we continue to be guided by this inspiration and our vision of a world where everyone has a decent place to live.

But a system of intentional and systemic racial discrimination has prevented many Black families in America from owning homes, and the Black homeownership rate in the U.S. is now the lowest of any racial or ethnic group. With the development of the Advancing Black Homeownership initiative, Habitat seeks to ensure Black homebuyers have the same access to homeownership that others have had for so long. As the homeownership gap has grown, we have responded with a stronger voice through advocacy and leadership. This initiative is a commitment to put the full force of our ministry behind resolving one of the greatest housing inequities of our time.

Why Black homeownership?

Our vision is a world where everyone has a decent place to live, but in communities across the U.S., Black families are least likely to own a home. In fact, at 30 percentage points, the homeownership rate gap is its biggest in almost 40 years. Historic discrimination has persisted into present policy, from redlining in years past to inequitable access to credit now. Taken together, these practices are barriers to saving for a down payment, getting a loan and affording a home. They threaten the vitality and prosperity of every community.

We have worked to close the Black homeownership gap for our entire 45-year history. Black families made up 43% of the families who partnered with us to build new homes last year. This initiative makes our commitment to Black homeowners explicit, provides a strategy to deepen efforts, and injects millions of additional dollars into the ongoing work of local organizations and at the federal level.

NOT A ZERO-SUM GAME

The intention of this initiative is not to reallocate resources or de-prioritize non-Black families. Instead, we are developing new resources and capacity to ensure Black households have the same access to homeownership that others have had. Non-Black families in need of affordable housing will benefit from these developments as well, moving us closer to our vision of a world where everyone has a decent place to live.

Historic systemic barriers to homeownership

While many homeowner families have been able to accrue wealth over generations of homeownership, federal, state and local policies excluded Black households from home ownership, and the wealth that comes with it. In the 1930s, the federal government created maps showing where it was “safe” to insure mortgages. The maps outlined Black neighborhoods in red — the highest risk level — leading lenders to deny mortgages to Black households. As a result, more than 98% of the \$120 billion in federally backed mortgages between 1934 and 1962 went to white homeowners, who were able to begin accruing wealth for future generations. This means that today, Black households often cannot draw from their parents’ resources for a down payment.

Policies and practices have evolved to continually shut Black families out of homeownership. High-income Black homeowners receive higher interest rates than low-income white homeowners. Harvard University researchers say

systemic homeownership and wealth-building barriers have restricted Black households' access to credit, a major factor explaining this disparity. Black median interest rates are higher than those for white households making less than \$30,000. When refinancing their mortgage, Black homeowners face barriers like appraiser bias and inequitable credit scoring practices. The Harvard researchers found Black homeowners who refinanced still had substantially higher interest rates than white homeowners who refinanced. Higher interest rates are one way today's policies and practices reinforce generations of discrimination to keep shutting Black families out of homeownership.

Recognizing that down payment assistance and matched savings accounts can help potential homeowners afford a home, Habitat is launching a national financial center of excellence as part of the Advancing Black Homeownership initiative to provide local Habitat organizations and homeowners with innovative financial resources, with a specific focus on Black homeowners.

The path forward

Habitat has a comprehensive strategy for increasing Black homeownership. This initiative galvanizes the entire Habitat network to increase the number of Black homeowners in the U.S. Our strategy includes:

- Working to ensure that the principles of diversity, equity and inclusion are ingrained in our organizational culture.
- Promoting the use of innovative and successful practices to support equitable development and increase Black homeownership.
- Improving financial support to increase Black homeownership.
- Leveraging the Cost of Home campaign and advocating as an organization — including through Habitat organizations at the local level — to increase investments in affordable housing and adoption of fair housing laws.
- Helping local Habitat organizations learn from each other and build capacity in partnership development and equitable strategies.

LEARN MORE

Visit the [Advancing Black Homeownership site](#) on MyHabitat to find guidance on how to get engaged and stay informed; how to develop your core competencies in diversity, equity and inclusion; and how to adopt approaches and strategies.

“When the nation targets support where it is needed most — when we create the circumstances that allow those who have been left behind to participate and contribute fully — everyone wins.”

– Angela Glover Blackwell, PolicyLink

