

October 26, 2021

Hon. Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232 U.S. Capitol Building  
Washington, DC 20515

Hon. Chuck Schumer  
Majority Leader  
United States Senate  
S-230 U.S. Capitol Building  
Washington, DC 20510

Dear Speaker Pelosi and Majority Leader Schumer:

As a broad coalition of civil rights, consumer, and housing advocates, we write to highlight the urgent need to include targeted first generation down payment assistance (DPA) in the Build Back Better Act.

Congress cannot miss this once-in-a-generation opportunity to expand homeownership and create racial justice and equity. Targeted DPA is one of the most cost-effective strategies to shrink disparities in wealth and narrow the homeownership gap.<sup>1</sup> More than half a million Black and Latino families could become first-generation homeowners thanks to this program even if funded at \$30 billion over ten years. In this case, DPA would help 288,208 Black families; 223,649 Latino; 88,000 Native American, Asian American, and Pacific Islander families; and 249,398 white families achieve homeownership.

Families that own their homes are more economically stable and have the assets to create and expand businesses, send their children to college, or build a nest egg for a secure retirement.<sup>2</sup> Lack of access to home equity is the most significant driver of wealth inequality; in 2019, Latino homeowners had an average net worth 40 times higher than Latino renters.<sup>3</sup> Many Black and Brown consumers have sufficient income to pay a monthly mortgage obligation, but exclusionary federal housing policies denied their families the intergenerational wealth to buy a home or gift a down payment to successive generations.

The American Dream of homeownership is drifting out of reach for low-wealth households, and this gap will increase substantially in the coming years.<sup>4</sup> Among young families, about 46 percent of white households own their home, compared to just 17 percent of Black families. Because of the lack of intergenerational wealth, Black and Latino families are far less likely to receive down payment assistance from their family, delaying transitions into homeownership.<sup>5</sup> As a result, more than one-third of Latinos indicated in 2020 that *the* biggest hurdle to buying a home was insufficient funds for a down payment.<sup>6</sup>

We commend Chairwoman Waters for proposing the Downpayment Towards Equity Act, which invests \$100 billion over ten years toward first-generation down payment assistance. Similarly, Senator Warnock introduced a companion bill along with Chairman Brown, and Sens. Van Hollen, Warren, Kaine, and Warner. These bills should be included in the reconciliation measure. Acting now to increase homeownership among underserved communities will strengthen the middle-class, grow the economy, and secure the safety of the future mortgage market.

While we must increase the stock of affordable homes and promote new construction, we must also empower future owner-occupiers with first-generation down payment assistance. The overwhelming majority of the funding would be spent in future years, so the program would come online in time to help these families as new homes hit the market.

If we truly intend to Build Back Better, the final bill must include equity-minded investments in targeted first generation down payment assistance. More than ever, we need your leadership to level the playing field and keep the American Dream of homeownership and wealth creation within reach for everyone.

Sincerely,

The Leadership Conference on Civil and Human Rights  
National Fair Housing Alliance  
UnidosUS  
Center for Responsible Lending  
NAACP Legal Defense and Educational Fund, Inc. (LDF)  
National CAPACD- National Coalition for Asian Pacific American Community  
Development  
National Urban League  
Autistic Self Advocacy Network  
National Association for the Advancement of Colored People (NAACP)  
National Association for Latino Community Asset Builders  
The National Coalition on Black Civic Participation  
NCRC Community Development Fund  
Connecticut Fair Housing Center  
New Jersey Institute for Social Justice  
National Action Network  
Americans for Financial Reform  
Center for New York City Neighborhoods  
Color of Change  
Consumer Action  
Long Island Housing Services, Inc.  
Mountain State Justice  
National Community Stabilization Trust  
National Consumer Law Center (on behalf of its low-income clients)  
National Housing Resource Center  
New Jersey Citizen Action  
Prosperity Now  
Woodstock Institute  
Empire Justice Center

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- <sup>1</sup> See Bailey, Nikitra, Tucker Bartlett, Mike Calhoun, Keith Corbett, and Debby Goldberg. "First Generation: Criteria for a Targeted Down Payment Assistance Program." National Fair Housing Alliance. Last modified May 21, 2021. <https://nationalfairhousing.org/wp-content/uploads/2021/06/crl-nfha-first-generation-jun21.pdf>; Choi, Jung Hyun, and Janneke Ratcliffe. "Down Payment Assistance Focused on First-Generation Buyers Could Help Millions Access the Benefits of Homeownership." Urban Institute. Last modified April 7, 2021. <https://www.urban.org/urban-wire/down-payment-assistance-focused-first-generation-buyers-could-help-millions-access-benefits-homeownership>.
- <sup>2</sup> Laurie S. Goodman and Christopher Mayer. 2018. "[Homeownership and the American Dream](#)." *Journal of Economic Perspectives* 32(1): 31-58.
- <sup>3</sup> Limon, Noerena, Jaimie Smeraski, Christa Murillo, Bryanna Ruiz, and Meghan Lucero. "2020 State of Hispanic Homeownership Report." NAHREP. Last modified, 2021. <https://nahrep.org/downloads/2020-state-of-hispanic-homeownership-report.pdf>.
- <sup>4</sup> Bhutta *et al*, [Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances](#).
- <sup>5</sup> Kerwin Kofi Charles and Erik Hurst. 2002. "[The Transition to Home Ownership and the Black-White Wealth Gap](#)." *The Review of Economics and Statistics* 84(2): 281–297.
- <sup>6</sup> Limon, Noerena, Jaimie Smeraski, Christa Murillo, Bryanna Ruiz, and Meghan Lucero. "2020 State of Hispanic Homeownership Report." NAHREP. Last modified, 2021. <https://nahrep.org/downloads/2020-state-of-hispanic-homeownership-report.pdf>.