

September 13, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Leader
U.S. Senate
Washington, DC 20510

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing & Urban Affairs
U.S. Senate
Washington, DC 20510

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

VIA ELECTRONIC SUBMISSION

Dear Speaker Pelosi, Leader Schumer, Chairwoman Waters, Chairman Brown, Chairman Neal, and Chairman Wyden:

Our broad coalition of national civil rights organizations, representing millions of Americans, write to urge you to include \$100 billion dollars in targeted first-generation down payment assistance in the reconciliation legislation currently being drafted. Our organizations have worked to impress upon Congress the need to take advantage of this historic moment and finally begin to take an initial step to reverse the harms of government-sponsored discrimination in the nation's housing finance system, which has created today's persistent racial homeownership and wealth gaps. Congress must provide first-generation down payment assistance to begin to create equity in the mortgage market, and targeting the down payment assistance to first-generation homebuyers is a truly meaningful first step to do just that. Targeted down payment assistance to first-generation homebuyers has the potential to create 5 million new homebuyers, including 1.7 million Black, 1.32 million Latino, and 1.4 million White borrowers.¹

We want to be absolutely clear that our organizations oppose the inclusion of the LIFT Act in the reconciliation bill as it is not an instrument that will expand access to homeownership by addressing the legacy of the impact of discriminatory federal housing policies or create racial

¹ Nikitra Bailey et.al, First Generation: Criteria for a Targeted Down Payment Assistance Program, National Fair Housing Alliance and Center for Responsible Lending, May 21,2021, available at, <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-nfha-first-generation-jun21.pdf>.

equity. The LIFT Act will only help the families who are already being well-served by the housing finance system. Many of our organizations have conducted extensive outreach to Senator Mark Warner's staff to offer improvements that could help the LIFT Act meet its stated goal. These suggestions have yet to be incorporated. Further, **the LIFT Act is directing limited resources from critical legislation that creates targeted down payment assistance for first-generation homebuyers, which we adamantly oppose.**

While the passage of our nation's fair housing and lending laws, including the Fair Housing Act, Equal Credit Opportunity Act, and Community Reinvestment Act, have prohibited future discrimination, they have not yet been fully implemented in a manner to correct previous and ongoing discrimination in the mortgage system. Our nation's exclusionary federal housing policies mostly benefitted White families helping them to gain access to federally insured mortgage loans, which were designed to make homeownership more affordable. In the first 35-years of the FHA-insured program, only 2 percent of loans guaranteed by the Federal Housing Administration went to families of color.² As a result, White families received an advantage in accessing homeownership and its wealth building benefits. These wealth benefits have been passed forward to successive generations while Black and Brown families were denied access to homeownership and now lack the ability to gift a down payment to their children. In fact, today's Black homeownership rate is as low as it was when the Fair Housing Act became law in 1968, and even in 1890.³ Moreover, the Latino homeownership rate is 25 points lower than the White homeownership rate.

For too long, targeted assistance to address these homeownership disparities has not materialized in the Congress. Today, Congress stands at the precipice of once again passing legislation that will further entrench these gaps of opportunity, especially if the LIFT Act is included in reconciliation pulling funds from meaningful first-generation down payment assistance. Therefore, we call on Congress to invest \$100 billion in first-generation down payment assistance, which was included in the Downpayment Toward Equity Act introduced in the House of Representatives earlier this year.

While it may seem like simple justice to make a substantial investment in first-generation down payment assistance, the reality is that it is also good for stimulating economic growth. Studies show that addressing discrimination targeted at Black Americans alone, including in housing, will help grow the US economy by \$1 trillion a year, creating thousands of jobs and generating billions in local revenues.⁴ It is past time to take meaningful steps to address our nation's racial

² Dedrick Asante-Muhammad, et. al, The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class, at 15 (September 2017), https://prosperitynow.org/files/PDFs/road_to_zero_wealth.pdf.

³ Alanna McCargo and Jung Hyun Choi, Closing the Gaps: Building Black Wealth Through Homeownership, Figure 3, Urban Institute (November 2020), https://www.urban.org/sites/default/files/publication/103267/closing-the-gaps-building-black-wealth-through-homeownership_0.pdf; see also Laurie Goodman, Jun Zhu, and Rolf Pendall, Are Gains in Black Homeownership History?, Urban Institute (February 14, 2017), <https://www.urban.org/urbanwire/are-gains-black-homeownership-history>; Adam Levitin, How to Start Closing the Racial Wealth Gap, The American Prospect (June 17, 2020), <https://prospect.org/economy/how-to-start-closing-the-racial-wealth-gap/>.

⁴ Dana M. Peterson and Catherine L. Mann, Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the U.S., Citi Global Perspectives & Solutions (Sept. 2020),

wealth and homeownership gaps with the same intentionality that produced those gaps. The reconciliation bill should include \$100 billion for first-generation down payment assistance and none of these funds should be allocated to the LIFT Act. Please reach out to Nikitra Bailey at NBailey@nationalfairhousing.org or Rob Randhava at Randhava@civilrights.org should you have any questions.

Sincerely,

The Leadership Conference on Civil and Human Rights
National CAPACD
National Fair Housing Alliance

<https://ir.citi.com/%2FPRxPvgNWu319AU1ajGf%2BsKbjJjBJSaTOSdw2DF4xynPwFB8a2jV1FaA3Idy7vY59bOtN2lxVQM%3D>; Nick Noel, Duwain Pinder, Shelley Stewart III, and Jason Wright, The Economic Impact of Closing the Racial Wealth Gap, McKinsey & Company, at 6, Exhibit 2 (Aug. 2019), <https://www.mckinsey.com/industries/publicandsocial-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap>; Jeff Cox, Morgan Stanley says Housing Discrimination Has Taken a Huge Toll on the Economy, CNBC, November 13, 2020, <https://www.cnbc.com/2020/11/13/morgan-stanley-says-housing-discrimination-hastaken-a-huge-toll-on-theeconomy.html>.