

## The Downpayment Toward Equity Act of 2023 (DTE Act, H.R. 4231/S. 3930): A Major Milestone in Closing the Racial Homeownership and Wealth Gaps

Homeownership is the primary way that most families build wealth and achieve economic stability. But buying a home is an expensive life decision, and the upfront costs are a significant barrier, especially for people of color who are less likely to be able to access family wealth for a down payment and closing costs. This is largely due to the ongoing legacy of government-sponsored discrimination and segregation, the dual credit market, restrictive zoning laws, and other systemic barriers that perpetuate the racial wealth and homeownership gaps we see today. The Downpayment Toward Equity Act seeks to disrupt and redress this history by directly targeting \$100 billion in downpayment assistance grants to people who are the first generation in their family to be a homeowner.

Many of the nation's policies, especially progressive New Deal solutions, were seemingly race neutral but nevertheless [cemented racial inequality](#) by denying Black Americans an equitable opportunity to thrive. That is why today's Black homeownership rate is as low as it was in [1890](#), resulting in a wealth disparity that continues to suppress economic growth and progress. White households have [90 percent more](#) wealth than Black households, and they hold 84 percent of all household wealth in the U.S., in comparison to just [4 percent for Black households](#).

Thus far, existing first-time buyer downpayment assistance (DPA) models have failed to close the racial homeownership gaps. The DTE Act is based on a [policy proposal](#) developed by the National Fair Housing Alliance® and the Center for Responsible Lending, and it has the potential to create millions of new homeowners among people who would be the first in their family to buy a home, spur massive economic activity and growth, and position people of color to sustain the future housing market as many older Americans sell their homes to downgrade for a stable retirement.

### How it Works

Under the qualifications criteria, states, Community Development Finance Institutions, and qualifying nonprofits would administer a program that provides individuals whose parents, spouses or domestic partners, and themselves have not owned a home within the last three years with up to \$20,000 or 10 percent of the purchase price of a home for DPA. Individuals must have a household income of less than or equal to 120 percent Area Median Income (AMI), or up to 180 percent AMI in high-cost areas. The U.S. Department of Housing and Urban Development (HUD) would be able to increase the amount of DPA to economically disadvantaged individuals if it determined that more assistance was necessary. Eligible borrowers would be able to purchase residential properties of one to four units that are cooperatives, condominiums, and manufactured homes, and solely for the purpose of serving as a primary residence.

HUD and the U.S. Attorney General would also be authorized to study and demonstrate whether there is a compelling interest to grant additional downpayment grants to socially or economically disadvantaged people, and whether states and eligible program administrators would have the opportunity to adjust their programs to better serve socially and economically disadvantaged applicants. Under these rigorously designed program parameters, over 5.2 million prospective homeowners of all races and ethnicities living or purchasing in urban and rural communities throughout the country would be eligible for first-generation DPA.

**Eligible First-Generation Homebuyers in 50 States, District of Columbia, and Puerto Rico**

State	Total	Black	White	Latino	Asian / AIAN / Native Hawaiian / Other
Alabama	71,664	44,895	19,872	4,052	2,844
Alaska	8,140	789	3,605	932	2,815
Arizona	104,267	13,532	32,751	41,588	16,395
Arkansas	41,520	17,675	17,268	3,892	2,686
California	792,945	93,270	153,584	320,683	225,407
Colorado	77,012	8,512	32,667	26,589	9,244
Connecticut	58,488	15,296	16,914	17,250	9,027
Delaware	14,033	7,637	3,309	1,959	1,127
District of Columbia	22,396	14,423	4,269	2,115	1,589
Florida	328,907	103,436	79,496	121,302	24,672
Georgia	184,158	113,461	36,574	19,262	14,861
Hawaii	20,067	1,466	3,623	3,684	11,293
Idaho	16,260	321	9,962	3,695	2,282
Illinois	198,521	74,597	57,226	39,859	26,840
Indiana	79,720	27,908	36,780	8,487	6,544
Iowa	32,896	6,347	19,923	3,852	2,774
Kansas	36,062	7,593	17,994	6,422	4,052
Kentucky	52,546	16,113	29,561	3,907	2,965
Louisiana	74,568	48,661	17,142	5,720	3,045
Maine	11,547	697	9,983	450	417
Maryland	98,207	57,546	19,631	10,623	10,408
Massachusetts	109,358	20,593	41,221	27,471	20,073
Michigan	119,190	54,059	46,357	9,608	9,166
Minnesota	59,215	15,376	29,522	6,346	7,971
Mississippi	47,800	35,697	9,550	1,488	1,065
Missouri	79,065	30,884	37,534	5,257	5,389

Montana	10,768	201	7,616	1,097	1,854
Nebraska	23,828	4,169	13,005	4,288	2,367
Nevada	61,843	14,152	15,784	19,070	12,837
New Hampshire	12,313	758	9,306	1,310	939
New Jersey	160,798	48,955	32,202	50,164	29,478
New Mexico	31,614	1,786	6,992	16,441	6,395
New York	466,466	136,598	103,878	127,063	98,927
North Carolina	167,029	84,765	48,240	20,289	13,735
North Dakota	10,777	1,681	6,340	1,145	1,611
Ohio	161,122	68,504	71,577	11,720	9,321
Oklahoma	50,484	11,916	20,547	8,633	9,388
Oregon	53,735	3,301	30,785	11,687	7,961
Pennsylvania	167,720	54,732	72,008	23,856	17,124
Rhode Island	16,847	2,926	6,734	4,792	2,394
South Carolina	72,180	43,136	19,220	5,641	4,183
South Dakota	9,791	964	5,832	814	2,181
Tennessee	95,697	45,253	36,484	8,533	5,427
Texas	493,994	140,224	96,925	198,294	58,552
Utah	28,295	1,359	14,525	7,974	4,437
Vermont	5,765	556	4,604	299	306
Virginia	124,329	56,868	37,971	16,201	13,290
Washington	105,209	13,384	47,291	20,712	23,822
West Virginia	14,990	2,528	11,655	321	486
Wisconsin	74,178	17,841	38,548	9,649	8,139
Wyoming	5,458	286	3,591	1,101	480
Puerto Rico	71,948	7,867	316	52,859	10,906
<b>Total</b>	<b>5,235,730</b>	<b>1,595,497</b>	<b>1,548,295</b>	<b>1,320,447</b>	<b>771,490</b>

SOURCE: Center for Responsible Lending calculations based on eligibility criteria in House-passed and Senate-introduced Build Back Better Act.

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