



THE **W.I.R.E.** WHITE PAPER REPORT:

**CHALLENGES of BLACK WOMEN
INVESTING in REAL ESTATE**

MESSAGE FROM THE PRESIDENT

ABOUT THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

NAREB was founded in Tampa, Florida, in 1947 as an equal opportunity and civil rights advocacy organization for African American real estate professionals, consumers, and communities in the United States. Our purpose remains the same today, but we are more focused on economic opportunity than civil rights. Although composed principally of African Americans, the REALTIST® organization embraces all qualified real estate practitioners who are committed to achieving our vision, which is “Democracy in Housing.”

DISCLAIMERS

All statements in this white paper are the views of the authors and do not represent the views or opinions of any organizations with which they are associated. Neither the Board of the National Association of Real Estate Brokers, nor its executives or staff, are responsible for the content of this report. Any errors are the sole responsibility of the authors.

March 3, 2022



It gives me great pleasure to present the National Association of Real Estate Brokers (NAREB) Inaugural *Women Investing in Real Estate (W.I.R.E.)* White Paper Report. In 2021, as part of *NAREB's Five Pillar Program*, NAREB identified Black women as a high-potential target market group of consumers to reach and penetrate to focus their attention and spending power on investing in real estate, pursuing home ownership, and growing existing practitioners careers in real estate. This report takes a critical look at the barriers Black women face when purchasing real estate and suggests solutions that NAREB can use its powerful voice to advocate for.

NAREB's W.I.R.E. pillar is focused on the development of effective educational tools and techniques for Black female consumers. Our goals are to increase access to financial information and capital for Black women, increase home ownership and real estate investment for Black women as well as develop affordable housing for and by Black women. By accomplishing these goals through our W.I.R.E. pillar, we are confident that our efforts will help to increase the overall Black homeownership rate.

As the oldest minority real estate trade association in America and with the motto and mission of “Democracy In Housing” NAREB has been the voice of Black real estate and Black homeownership since 1947. As the leading minority real estate trade association, NAREB ensures that the dream of homeownership remains alive for all who desire regardless of economic conditions. Our Inaugural W.I.R.E report provides the blueprint we need to effectively advocate and educate.

It is with tremendous gratitude that I thank the authors of the W.I.R.E. Report, Dr. Vickie McBride, Dr. Sheri Smith, and our very own First Vice President of NAREB, Courtney Johnson Rose for their insightful evaluation and analysis of the data supporting this report. Finally, to the members, partners, and supporters of the National Association of Real Estate Brokers, thank you for all you do to make the help our communities Build Wealth through Real Estate for the more than 46.8 million Blacks in America.

Sincerely,

A handwritten signature in black ink that reads "Lydia Pope". The signature is written in a cursive, flowing style.

President
National Association of Real Estate Brokers

ABOUT THE WRITERS



Vicki McBride
PhD

Dr. Vickie McBride is an Urban Planning Consultant who serves as a change agent for disadvantaged and underserved communities. Her current clients are the Houston Area Urban Community Development Corporation where she provides strategic guidance on housing development issues and assists in the coordination of overall marketing, program design and project monitoring; the Houston Area Urban League where she provides grant writing services for housing programs including financial education, fair housing, post homeownership and disaster recovery.

Dr. McBride holds a Master of City Planning and a Ph.D. in Urban Planning and Environmental Policy from Texas Southern University. She is a graduate of Leadership Texas and the National Grantsmanship Training Institute.

For 17 years she worked in the City of Houston Housing and Community Development Department preparing the Consolidated Plan, the application for U.S. Department of Housing and Urban Development entitlement funds. She also wrote the City's first Analysis of Impediments to Fair Housing and the Citizen Participation Plan. During her tenure at the City, she coordinated the first homeless study to count the homeless, conducted collaboratively with the University of Houston and Texas Southern University for Houston/Harris County/Ft. Bend.



Courtney Johnson Rose
M.CD

Courtney Johnson Rose is the Chief Executive Officer of George E. Johnson Development Inc., a full-service real estate firm specializing in community development services, owner representation, master planning, residential and commercial brokerage services. Founded in 1974, by Courtney's father George E. Johnson, GEJ has engaged in many facets of Real Estate Development and Re-vitalization with total project volume exceeding one billion dollars. GEJ has completed numerous real estate development projects including the CDBG Housing Study for the City of Missouri City and Corinthian Pointe; a 234-acre master planned community noted at its inception by former

HUD Secretary Cuomo as one of the most successful community development projects in the country.

Courtney obtained her undergraduate degree in Business and Economics from the University of Texas at Austin and earned her Master's in Community Development from Prairie View A&M University, where she is currently an adjunct professor overseeing the real estate certification program. Courtney was appointed by the Texas Senate to the Texas State Affordable Housing Corporation. She also serves as Chair of the Real Estate Committee for the Greater Houston Partnership, on the Executive Board of the Houston Land Bank and as appointed Planning and Zoning Commissioner. Courtney is the current Chair of the Board for the Texas Association of African American Chambers and serves as First Vice President of the National of Association of Real Estate Brokers.



Sheri L. Smith
PhD

Sheri L. Smith, PhD., AICP serves as the Interim Chair of the Department of Urban Planning and Environmental Policy at Texas Southern University. She holds the rank of Associate Professor with tenure. Dr. Smith has worked in the field of housing and community development for over 20 years, beginning with Neighborhood Housing Services (NHS) of Chicago followed by INCOG, located in Tulsa Oklahoma. Her work has included: evaluating neighborhood programs to determine effectiveness and efficiency; coordinating the delivery of housing services programs; designing

and implementing neighborhood development plans; reviewing housing and economic development proposals and packaging and managing single-family rehabilitation loan and construction projects.

As an academician, Dr. Smith teaching and research are in the areas of housing and community development; focusing on infrastructure and the food systems. She recently completed a housing needs research project for Missouri City, Texas. Dr. Smith is active in the community; volunteering with several organizations within the neighborhood that surrounds the university and serving on committees for the city of Houston.

I. INTRODUCTION

In 2021, Forbes posed the question, Is homeownership still the American Dream. The answer being 'yes', assumed that home ownership ranks high among the dreams all American's hold dear. Homeownership has an economic value that allows for intergenerational transfer of wealth and provides tax benefits. The U.S. Department of Housing and Urban Development (HUD) reports from the PD&R Research Utilization Division, that for many Americans, owning a home is an essential part of the American Dream that conveys a number of economic benefits, such as the ability to accumulate wealth and access credit by building home equity, reduce housing costs through mortgage interest deduction, and gain long-term savings over the cost of renting. According to the Homeownership Alliance Public Opinion Poll, participants believed that children in family-owned homes were more likely to do well in school because they felt safer, secure and settled. The Joint Center for Housing Studies at Harvard University took the research further and concluded that the independent impact of homeownership, combined with its positive impact on the home environment, results in the children of homeowners having higher math and reading scores and fewer behavioral problems. In addition, the poll showed that home owners feel more connected to the community and more likely to be actively involved in their community, noting that home owners typically have higher levels of participating in local voluntary organizations and political activities in order to protect their economic and emotional investment in their neighborhood.

What time has demonstrated is that the dream of homeownership is not equally attainable across race, ethnicity, gender and household types. What has also been recognized is that homeownership is not without its challenges. Not only those hurdles that homeowners must face, to prepare for homeownership but those day-to-day struggles to maintain home ownership, which for some is a daunting task. Approximately 8 percent of African Americans and Latino homeowners lost their home to foreclosure between 2007 -2009, almost twice the rate of white homeowners. Adding to the cost of housing, access to health care, nutrition, child care, public transportation and education impacted the quest for the American Dream.

Still, overall trends for homeownership are increasing. The 2021 National Association of Realtors Home Buyer and Seller Generational Trends states that first-time buyers made up 31 percent of all home buyers in 2021. Additionally: Eighty-two percent of buyers 22-30 years and 48 percent of buyers 31 to 40 years were first-time homebuyers; 22 percent of buyers 40 -54 years were also first-time homebuyers; Sixty-two percent of recent buyers were married couples, 18 percent were single females, none were single males, and nine percent were unmarried couples.

Additionally, the 2021 study indicated the following patterns:

- **The highest percentage of single female buyers was in the 66 to 74 age group at 22 percent.**
- **The highest share of unmarried couples were in the 22 to 30 age group at 20 percent.**
- **The 41 to 55 age group continues to be the most racially diverse group of buyers in 2019.**
- **Twenty-seven percent of this group of buyers identified as Hispanic, Latino, Black, African American or Asian Pacific Islander.**

Women gains in homeownership over the past three decades have been notable because the homeownership rate for men has dropped. The pandemic could change this trend drastically. Women are facing greater struggles because they are more likely to be working in industries hit harder by COVID-19 like the food and accommodation sectors. Child care is also a factor. The gender pay gap is still an issue that to close it requires changing employer behavior, implementing public policy initiatives and increasing public awareness (Goodman, Choi, Zhu, 2021).

Many Americans are not confident that they will ever own a home. HUD states that many first-time homebuyers have difficulty coming up with a down payment, (through their savings or assistance from their families), overcoming regulatory burdens and student loans debt, or obtaining adequate credit. These challenges are even more pronounced for minorities. African American workers who earn less than white workers are more likely than those in other racial groups to spend a greater proportion of their paychecks on student loan payments and rent. Minorities who do save enough for a down payment are often assessed higher lending fees that make the mortgages unaffordable.

Unfortunately, the gaps in home ownership rates by race and ethnicities have not been significantly narrowed; even as we, as a nation, are experiencing an overall increase. In 2021, whites continued to have higher rates of homeownership over all races and ethnicities. When viewed by gender; men maintain a higher rate over women. Among women, African American Women rates were lower than that of their white counterparts.

The purpose of this study is to assist the National Association of Real Estate Brokers in taking a deeper look at the challenges that African American Women experience in achieving their goal of homeownership that includes how to reach, motivate, educate and support her in the homebuying process to build economic wealth. Specifically, this report will look at their demographics, review how the African American woman has become a focus in homeownership and the marketing opportunity to this group of potential homebuyers. We will look at the historical reasons that this is an unmet need/opportunity using census data, HMDA data and other sources of information that shines light on this group of potential home buyers. Finally, we will provide recommendations on how lenders can support and assist in guiding African American women from renter to homeowner.

II. ABOUT THE AFRICAN AMERICAN FEMALE

A. Population Numbers

To better address the challenges facing the African American woman homebuyer and recommend policies changes what will improve her trajectory towards increased numbers and rates of home ownership, let's start by creating a profile of who she is, the place she holds in US households, and her economic contribution. As of the 2020 census, African Americans comprised 12.4 % of the population. This is only a slight increase from the 12.1% witnessed 10 years ago. Within the 12.4%, African American women comprise 51.4%, a decrease from the 52% in 2015.

This has changed little since 2010 when women comprised 50.1 of the African American population. If interested in how African American women rank in population among women in the US, women comprise 51% of the population; African Americans are 12.9 of that population.

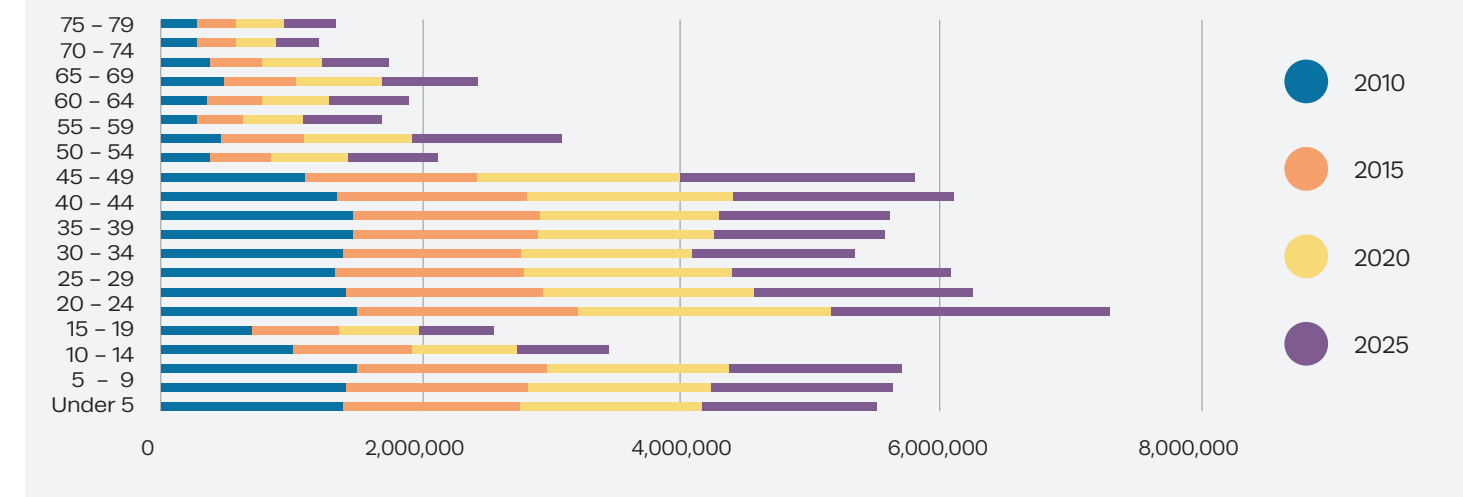
not experience among the other Groups. There are a number of contributing factors that impact the loss of women between 40 to 45 and 15 to 19. Those factors will not be discussed here but provide a pattern that is considered as we project the female population into the potential homeownership ages.

The projections into 2025 are based on the trends between 2010 and 2015. Given this is a linear projection, the patterns are the same, however, the growth of those who are 25 to 29 results in larger numbers over time. The relevance of these numbers become important when we look at the ages in which the AAF woman pursues homeownership. This is discussed in detail later.

B. Education and Income

Education levels: 88.1% of females graduate from high school which is 2.2% higher than that of African American males. However, it is 3% lower than the high school graduation rates among all women. Taking education one step further, only 25% of African American women have graduated college with a bachelor's degree or higher. This number is 5% higher than the African American male but 4.1% lower than all US women.

Figure 1: African American Female | Age Distribution 2010 - 2025



A closer look at Figure 1 shows the distribution of African American women by age. This helps us understand the numbers now and future homebuying age. In 2010, the largest populations were the 20 to 24 age groupings, followed closely by those between 35 to 44 years of age. Five years later, one would expect the higher age groupings to be 25 to 29, followed by the larger 40 to 50, however; this is not the case. In 2015, the highest groups are still those between the 45 to 54 age followed by 30- to 34 and 10 to 14. There is a drop in the 40 to 45 age group that is

While education is important, what impact does it have on employment, specifically the type of employment? Ninety-three percent of African American women were employed in 2019; 36.3 were in management positions, 26.9 in service and 27.2 in sales. A number that is often not captured are those who are self employed or are grouped as others.

The median income for AA women is \$36,695 which is 11% less than African American men and 29% less than women overall. This median when comparing to others, is lower than that of all women but higher than what is currently experienced by African American men. This is in contrast to the work ethic that is displayed by the African American woman.

C. Household Composition/Family Responsibilities

A characteristic that is worth noting as it could potentially impact homeownership is the AAF household status. Within the African American Community, 53.3% of all family and non-family households are female headed. This is inclusive of the 20.3% that live alone. What is counter intuitive to what has been believed, only 13.8% of the family households have children, given the median family size is 3.43 we can work with the female has 2 children under the age of 18 for which she is responsible. More insight into these percentages would help to know that 48.8% of all African American women over the age of 15 have never married. That percentage increases if you include the 13.4% that are divorced and the 8.1% widowed. Another way to look is that those over the age of 15: 26.4 are married; 7.8 widowed, 13.2 divorced, 3.5 separated and a surprising 49.1 percent have never been married. Further information as the census using the age of 15 is suspect and not knowing at what age widowed and divorce, that there are a growing number of African American women that are making housing decisions for themselves or their family, and carry the financial responsibility of financing that decision.

In 1974 a married couple headed 84% of all families with children, while in 2017, only 66.4% were headed by married couples. From 1974–2015, the percentage of families with children headed by a single mother nearly doubled from 14.6% to 25.2%. Women of color are much more likely than white women to be raising children while unmarried. In 2016, 40% of all births in the United States were to unmarried mothers, and 70% of those births were to non-Hispanic black women.

Women of color, and Black women especially, have always been more likely to work outside the home than white women. Black women were always expected to work, too often in undervalued jobs with low wages.

Minority women and particularly Black women have a complex history in relation to work and the institution of marriage, in part because of how racism, stereotypes, and structural biases have shaped policy decisions, opportunities, and the lives of people of color in the past and present day.

Black Women Head of Household can also be defined as a category of “breadwinning mothers”. Breadwinning mothers

refers to unmarried working mothers, which includes those who have never married, as well as those who are divorced, separated, widowed, or married with an absent spouse – and married mothers who earn as much as or more than their husbands. Additionally those who are married or has a partner or co-breadwinners.

Even though white mothers make up the majority of breadwinners and co-breadwinners, white women are less likely to be breadwinners than women of color. Black mothers are much more likely to be unmarried breadwinners (51%) compared with White (16%) and Hispanic (25.7%) or mothers of another race or ethnicity (13.2%). Black mothers are by far the most likely to be the primary source of economic support for their families; they are more than twice as likely as white mothers to be their family’s breadwinner and more than 50% more likely than Hispanic mothers. Data from 2017 indicates that while labor force participation and earnings of white women have changed significantly over the past several decades, white women today are contributing to their families’ incomes at roughly the same rate as black women were more than 45 years ago.

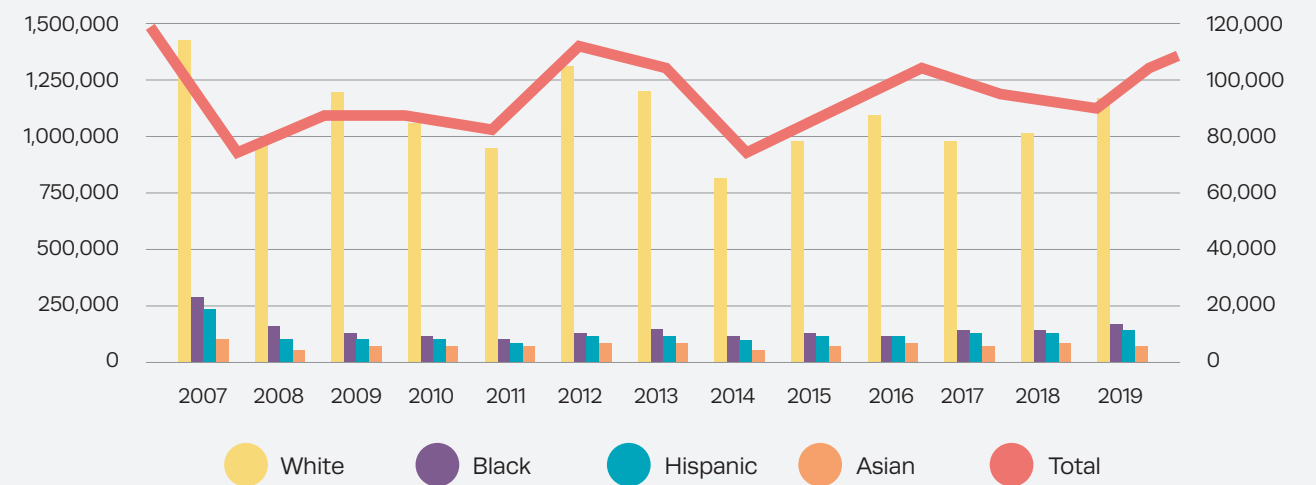
In 2019, the last year before the pandemic, two thirds of mothers were either bread winners or co-breadwinners for their families. 41.2% were sole or primary breadwinners. Using 2018 data over time, there has been a significant upward trajectory of mother’s breadwinning and co-bread-winning status. Low-income families are more likely to have breadwinning mothers and they bring home the vast majority of the family income. It is important that these earners survive the current pandemic economic crisis to preserve their gains of economic growth. Access to medical leave, paid sick days, expanded affordable quality child care is important to maintain their income ability and progress toward homeownership.

III. THE AFRICAN AMERICAN WOMAN POTENTIAL HOMEBUYER

A. What the HMDA Data Tells Us

A look at data provided by the Home Mortgage Disclosure Act (HMDA) in Figure 2 shows us that the ownership among women have fluctuated and while the numbers are not as high as experienced in 2007 and 2012, they are currently on the rise. There are clearly disparities among the races both combined and singularly when in comparison with white women.

Figure 2: Loan Origination Female Alone by Race and Ethnicity | 2007 – 2019



Focusing on the African American woman purchasing alone; in 2020, as shown in Figure 3, 183,593 applications originated from female Black Prospective borrowers. This group has also experienced lows since the high of 304,219 in 2007. Over the past 13 years, the number of loan originations have fluctuated but are on the rise since 2019. If we project over the next 5 to 10 years our expectation based on the previous years, what can we expect?

The answer: it depends. A simple projecting of the numbers based on the trends of the past, see the numbers on a continuous decline. If projecting from 2008, not incorporating the dramatic fall between 2007 and 2008 but incorporating the other fluctuations, the future holds continued fluctuations but overall increase over the 2020 numbers by 2025. This is of course, if there are no interventions in policy or economy.

Understanding the African American woman applicant in her life cycle is important. As you can see in Figure 4, the majority of AA women are purchasing their homes in the years between 35 and 44. This is then followed by the age group 25 through 34. An assumption based on the testimonials is the early to mid 30s is when the overwhelming majority of AA women are pursuing home purchase.

This data is significant because according to Zillow, the average American home buyer is 45 years old. Zillow’s 2021 Consumer Housing Trends Report took a look at homebuyers in 2021. It found that while the average homebuyer is middle-aged, many are in their 30s. For most, it wasn’t their first time buying a home, and the hunt wasn’t easy. Many had

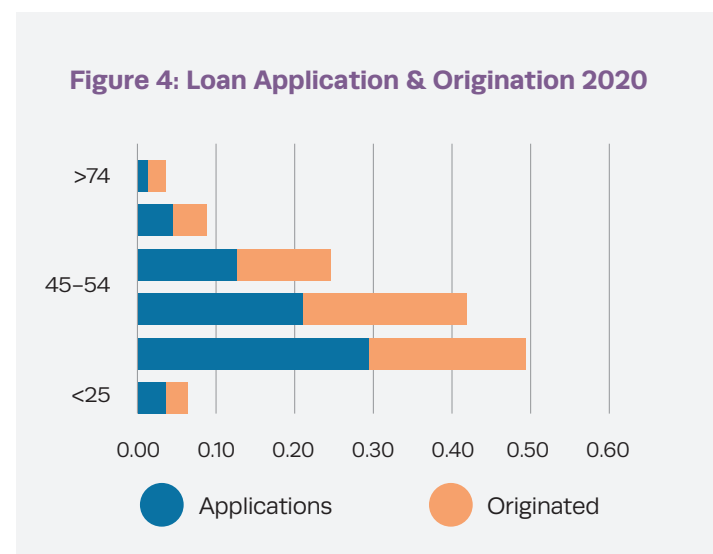
Figure 3: Origination Numbers

Year	African American
2007	304,219
2008	157,260
2009	136,824
2010	115,038
2011	100,875
2012	131,442
2013	141,125
2014	108,309
2015	132,998
2016	155,011
2017	155,123
2018	149,755
2019	177,048
2020	183,593

to make multiple offers and paid a lot more than they originally planned.

They mostly bought homes in the suburbs in the south, where more houses were available. Those who moved typically stayed in their metro area, switching neighborhoods or relocating to a nearby city.

This American home ownership profile data is unsettling when it comes to the fact that, according to what was highlighted in Figure 1, we are losing Black women ages 40–45 and the fact that 48.8% of all African American women over the age of 15 have never married when we look at the profile of the average Black women who are single, heads of households and first time buyers.



Loan Characteristics

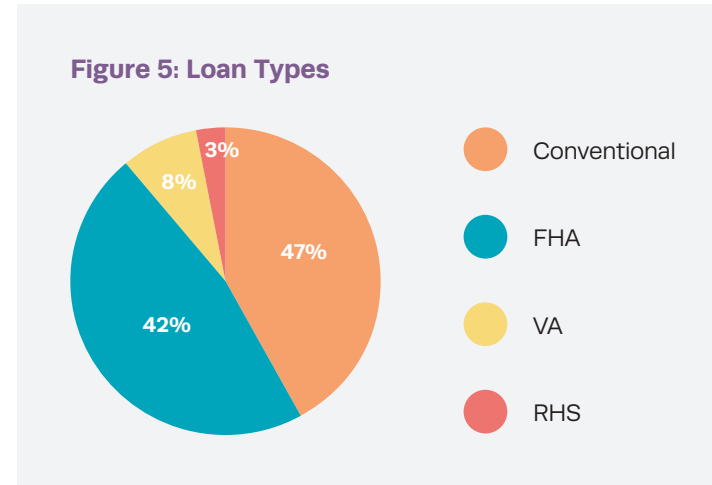
Building on the understanding of who is applying for a loan, the next step is to understand the product that is being offered to them. Most applications from female Black applicants are for FHA-insured loans, continuing a shift from conventional loans that emerged during the 2008 foreclosure crisis.

Jason Richardson, Director of Research and Evaluation for the National Community Reinvestment Coalition, a grassroots organization that assists people to build wealth and focuses on ways to increase flow of private capital into traditionally underserved communities, assisted with HMDA data research. Analysis of the 2018–2020 African American Female (AAF) applicant without a co-applicant shows that 544,386 AAF applicants applied for loans during this period of time. Of those, 324,759 or (60%) were originations/purchases; 13, 225 or (2%) were approved but not accepted. A breakdown of the approved homebuyers revealed that they received an average interest rate of 4.09% during the 2018–2020 reporting period. The average loan amount was \$209,811 with the average value at time of purchase being \$236,944.00. This resulted in an average equity of

\$26,446.00 at closing. This is a solid reason for homeownership.

The majority of the purchases by AAF without a co-applicant were conventional (47%), followed by FHA (42%), VA (8%) and Rural Home Loans (3%).

An additional aspect of the loan that should be mentioned is the cost of the loan. High Cost Loans– 15% Black females compared to 5% White females received high-cost loans in 2020. Even though this number has declined it represents the largest percentage of high-cost loans across all Black applicants. This means black women are three times more likely than white women to receive a high cost loan.



Loan Denials, Withdraws, etc.

Between the years 2018 and 2020, 100,074 or (18%) were denied; 85,606 or (16%) were withdrawn and 20,722 or (4%) files were closed because of incompleteness. Focusing on a single year, closed or withdrawn files in 2020 –20% of African American female applicants were withdrawn or were reported as closed compared with 15% for White female. – This was higher in 2020 and may have been because of financial hardships caused by the pandemic. There was also a smaller percentage of loans that were closed due to incompleteness.

The largest issue are loan denials. In 2020, credit history (43%) and debt-to-income ratio (34%) are the most reported reasons for loan denial among female applicants followed at a distance by collateral (9%), incomplete application and unverifiable information (.05). Insufficient Cash and unverifiable information (.05) were rated near the lowest reasons. If we compare this to the white female, 31% for White female applicants were denied because of debt-to-income and 18% for credit history and 10% for collateral.

Taking this one step further, let's look at the reasons for denial for the various age group of black women applicants at the various stages of the life cycle. As seen in Figure 6, the major

Figure 6: Reasons For Denial At The Various Age Groups

	Credit History Debt to Income Ratio	Collateral	Other	Application	Incomplete	Unverifiable Info	Insufficient Cash	Employment History	Lender Exempt From Reporting	Mortgage Insurance
<25	0.05	0.04	0.03	0.03	0.03	0.05	0.04	0.07	0.03	0.00
25–34	0.28	0.28	0.28	0.25	0.25	0.28	0.25	0.32	0.25	0.22
35–44	0.29	0.30	0.27	0.30	0.31	0.29	0.30	0.30	0.24	0.34
45–54	0.21	0.20	0.22	0.23	0.22	0.21	0.23	0.19	0.22	0.25
55–64	0.12	0.13	0.14	0.14	0.13	0.14	0.13	0.09	0.15	0.10
65–74	0.04	0.05	0.05	0.04	0.05	0.04	0.04	0.02	0.09	0.06
>74	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.02	0.01

reasons for loan denial are not the same across the age groups. Employment history is the predominate reason for loan denial at the younger age groups. In the 35–44 age group we see that mortgage insurance denial followed closely by incomplete applications are the reasons with the highest percentage.

B. The Experience

The HMDA data gives us a snap shot and provides trends but it doesn't provide insight into the experiences. Below, a few homeowners were willing to share their story to help personalize the numbers reviewed.

Kansas City, Missouri

AAF 37 years of age, single never married had not considered homeownership as an option until a co-worker, who was a single female head of household with children was able to purchase a home. Given that they had comparable incomes, the possibility of homeownership was something to be considered. Prior to the loan application, working with the realtor was a challenge. There were some initial hesitations for application given credit score and lack of knowledge about the home purchase process except for the insights provided by family members. The overall process, as far as the applicant was aware went smoothly. Given the lack of information on the process and products; she could not assess if the interest rate was high, nor was she aware of the particular loan type that she received.

Houston, Texas

AAF 63 years of age, divorced, returned to Texas from California. had previously owned homes while married. She had not owned a home in more than 10 years. As a single woman, she purchased a home in Texas while completing last year of work as an elementary school Principal in California. Has adult children and grandchildren.

She said the reason she bought in the Houston area was because Houston is my home and homes are nice and affordable. She also wanted to be near her family when she retired.

She said she did face a challenge that she thought was noteworthy. She came home in December, the year before her retirement in May to purchase the new home of her dreams in a Southwest Houston suburban area of Fresno Texas, direct from the builder. She had trouble with financing through the builder. While in California, her calls were not returned, and the finance representative complained frequently about her being out of state in California, purchasing a home in Texas. She felt uncomfortable about the negative feedback so she hired a real estate agent to help her complete the transaction. She said this caused her down payment and out of pocket expenses to be greater. She felt this was attributable to her being out of state purchasing a home. She said the transaction would have not gone as well if her family members were not present in Houston representing her.

Overall, she said this was not a bad experience but it could have been easier and less costly. The fact that she had bought homes before as a married woman provided insight about the process.

Little Rock, Arkansas

AAF, 41 years of age. Always wanted to purchase a house. Only after a friend decided to purchase a home and she realized how much her monthly payments would be did she begin to believe that home ownership was a possibility. She had no preparation for purchasing a home other than talking to church members for insight. She began the process, did not know her credit or the loan options available. In the end she worked with a mortgage company who went through the bank where she kept her accounts. She received a FHA loan and did not find out until shortly before closing she had not saved enough money to close. She borrowed the needed funds from immediate family members.

IV. WHY HAVE PREVIOUS POLICIES HISTORICALLY NOT PROPELLED AFRICAN AMERICAN WOMAN FORWARD

Homeownership has been promoted as government policy not only through FHA loans but also through the government-sponsored entities Freddie Mac, Fannie Mae, and the Federal Home Loan Banks. The federal government further promotes homeownership through the tax deduction for mortgage interest payments on primary residence. The Community Reinvestment Act, passed in 1977 to reduce redlining, also encourages homeownership among low-income earners. The federal government's promotion of mortgage borrowing and lending to expand homeownership, has spurred debate about these policies and how they affected the onset of the subprime mortgage crisis and tax policies on mortgage interest deductions. Housing and wage policies have had both intended and unintended consequences on Black Females and other minorities. Black women's participation in the labor market has been affected by entrenched racism that has limited their opportunities as well as Black men and devalued their work through persistent pay disparities. Black women have had to work to help ensure the economic stability of their families, even while facing ongoing discrimination.

A. Wages

Income based on wages earned, is a necessary and important factor in the homebuying process particularly for African Americans. U.S. labor policies have impacted the income or wages earned by Black men and women from inception after slavery. It is important to know the history and impact of these policies so that while determining ways to support the African American Women in the quest for homeownership, that the negative cause and effects of these policies are not repeated.

Jim Crow – 1865–1920's

Occupational segregation and the persistent devaluation of workers of color are a direct result of intentional government policy. (Solomon, Maxwell, Castro, 2019) During Jim Crow, 1865–1920's some state laws fined Black people if they worked in any occupation other than farming or domestic servitude. (Mitchell Alexander, 2012)

New Deal – 1938

During the New Deal, the Fair Labor Standards Act of 1938 established a 40 hour work week, abandoned child labor and established a federal minimum wage and overtime requirements. This policy largely excluded African American workers from receiving these benefits by exempting many domestic agricultural and service occupations, trapping families in poverty and even today agricultural and domestic workers remain some of the least protected employees in the United States. (James Lin, 2013).

EEOC – 1965

States are responsible for enforcement of both employment and housing laws. The U.S. The Equal Employment Opportunity Commission (EEOC) was created in 1965. EEOC is responsible for enforcing federal laws that make it illegal to discriminate against job applicants and employees based on race, color, religion, national origin, age, disability, or genetic information. But, states do not fully enforce or adequately fund their own civil rights statutes to protect workers of color yet they receive many calls each year. Over time, these labor laws have had an impact on the ability of African American females in many service occupations to save for a down payment to purchase and maintain homeownership.

B. Housing

New Deal – 1934

The Federal government became directly involved in creation of housing policy due to the spiked needs of the poor during the great depressions, as part of the New Deal in 1934. The Act provided mortgage insurance to private lenders and to promote construction of new homes and to create jobs. This was a direct effort to promote affordable housing to lower income people. (Mitchell, 1990). Black wage earners were primarily left out of this affordable homebuyer group because they were still mostly agriculture and domestic workers.

The restrictive covenants of FHA institutionalized racial discrimination by requiring mortgage lenders to provide loans to those potential homeowners with stable income in stable neighborhoods which resulted in loans approved primarily for Whites. (McClain, Stewart Jr., 1998)

1949 Housing Act

The 1949 Housing Act was created to promote the health and living standards of citizens through housing and related community development programs, eliminate substandard and inadequate housing and promote clearance of slum and blight. Title I and II under the Act led to more units being torn down than were built. Urban renewal removed vast areas of slums and blighted areas to make room for the development of shopping centers, highways, convention centers, high-rise housing and office buildings.

(Lang, Sohmer, 2000) Housing authorities demolished substandard and blighted properties primarily displacing minorities, mostly Black and poor while the cleared land was used to build institutions and housing to benefit the middle class, mostly White. Segregation and discrimination emerged during the life of the legislation, decreasing the rate of homeownership. (Chandler, 1992)

1968 Housing Act

The 1968 Housing Act initiated 2 new housing subsidy programs, Section 235 for buyers and Section 236 for renters. The Section 235 program provided mortgage insurance to lenders as an incentive to participate in the program and FHA made payments directly to the lender on behalf of the owners and the insurance protected the lending institution against foreclosure. The Section 235 program discriminated against Blacks because Whites were sold new homes in the suburbs and Blacks were sold existing homes often in need of repair in the inner city. The program made communities vulnerable to panic selling and racial turnover. The resulting White flight often left neighborhoods abandoned and deteriorated. (Gotham, 2000)

Fair Housing Act 1968

The Fair Housing Act of 1968 was designed to right the wrongs of the racially biased laws and policies that had purposefully created segregated communities in the U.S. The law prohibited the refusal to rent or sell; negotiating and deceptively denying the availability of housing, refusing to make home mortgage loans, intimidation and threatening based on membership in a protected class (Franzese, Beach 2019). The law gave the secretary of HUD the statutory authority to enforce non-discrimination provisions of the act and required the secretary to ensure compliance with the Fair Housing Act's Affirmatively Furthering Fair Housing mandate. It also provided for enforcement action brought by the U. S. Department of Justice (Julian, 2019). Despite some progress, residential segregation and housing discrimination still persists. New forms have emerged since the law was enacted (Massey, 2005). Racial steering has become more common. Real Estate Agents deliberately steer African Americans away from desirable neighborhoods toward concentrations of people of color, higher poverty levels, and lower housing quality compared with neighborhoods where whites relocate. With increased social media and online housing advertising, discriminatory digital marketing has become more common as a new way to disguise discriminatory behavior and not be detected (White, 2015).

For Black homeowners, home equity represents a greater portion of their net worth than it does for white homeowners (Zonta, 2019). Discrimination and residential segregation hamper the ability of African American homebuyers to build equity. Not only are African Americans receiving proportionally fewer home mortgage loans, obtaining more costly and riskier loans, and less likely to own their homes than white people, but they are also constrained in their residential options and continue buying in predominantly

African American neighborhoods where they have fewer chances than similarly situated white homebuyers to acquire assets that appreciate quickly (Zonta, 2019).

Cranston-Gonzalez National Affordable Housing Act of 1990

The Cranston-Gonzalez Act of 1990 set forth national homeownership objectives by defining national housing goals. The Act required the HUD secretary to create a strategy with the private housing industry, state and local governments and nonprofit organizations to increase homeownership. The Act fell short of its' stated goals primarily because of subprime lending which has led to foreclosure in the housing market. Subprime mortgage lenders mostly charge higher prices to borrowers with weak credit histories, debt payment delinquencies, judgements, or bankruptcies, refinancing and first-time homebuyers. (Boeh, Thistle, Scholttman, 2006)

Subprime borrowers often have poor credit scores, high debt-to-income ratios, incomplete credit history. (Calem, Hershaff, Wachter, 2004) These characteristics denote many of the barriers identified earlier that are faced by African American Women in the homebuying process.

V. RECOMMENDATIONS

Based on the data analyzed for this report, any and all recommendations have to factor in the age in the life cycle of the African American female and encouraging her to purchase real estate sooner in her life cycle. We know that there is no age limit to home purchasing; however, there are hurdles that are more aligned with one group versus others that have to be addressed. In addition, high-cost loans are a challenge for Black females that are purchasing homes. Our data showed that 15% of Black females compared to 5% of White females received high-cost loans in 2020. This number represents the largest percentage of high-cost loans across all Black applicants. This means black women are three times more likely than white women to receive a high-cost loan.

NAREB Educates

- Provide more education on the value of homeownership to build wealth for women
 - Education with a focus on what it takes to get in a house and stay in a house
 - Training to provide understanding of credit history and managing debt effectively
 - Education on avoiding predatory lending
- If the optimum time to purchase a home is in the 30–40's year of age, women head of households must focus on understanding home ownership at an earlier age
- During the COVID–19 pandemic many African American female head of households received substantial financial assistance through tax credit and other subsidies. Those households should be targeted to understand the opportunity and asset they have and how to maintain it to provide for their future
- Develop a national campaign to educate Black women utilizing Public Housing Vouchers about the Housing Choice Voucher (HCV) homeownership program
- Create a database of existing lender products and down payment assistance programs that are amenable to common challenges of Black women including, higher debt to income ratios, lower credit scores, lack of down payment

NAREB Advocates

- Join with labor in support of a livable wage because many women in service, hospitality and agriculture related jobs will not be able to purchase a home if wages in these industries do not support needed income
- Strengthen the enforcement of Equal Employment Opportunity Commission (EEOC) laws at the state level to encourage fair housing and wage practices
- Strengthen fair housing laws to protect equity and wealth building
- Increase down payment assistance programs that will create more opportunities for Black women to purchase real estate

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