

BIPOC-Focused Homeownership Strategies and Recommendations

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Hartford Foundation for Public Giving
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A Safe, Affordable Home: The Foundation of Opportunity

PARTNERSHIP FOR STRONG COMMUNITIES 227 LAWRENCE STREET, HARTFORD, CT 06105 860.244.0066 PSCHOUSING.ORG

PSC Mission

At Partnership for Strong Communities, we are dedicated to ensuring everyone in Connecticut has:

- a safe stable home
- that is affordable to them
- in an equitable community of their choice



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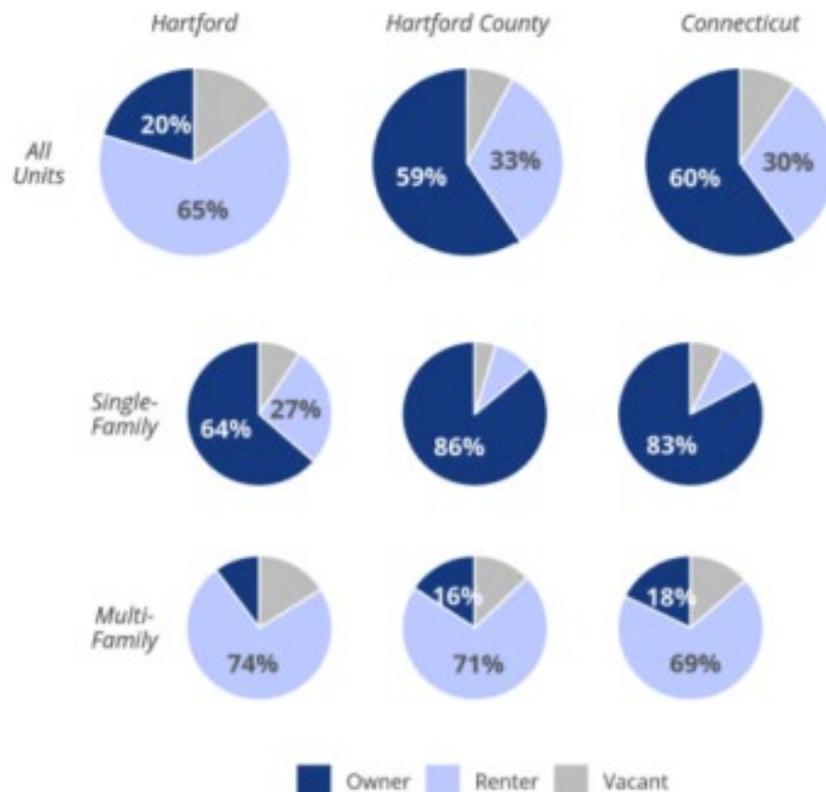
Homeownership and Hartford

PERCENT OF ALL HOMES OCCUPIED BY OWNERS

20%

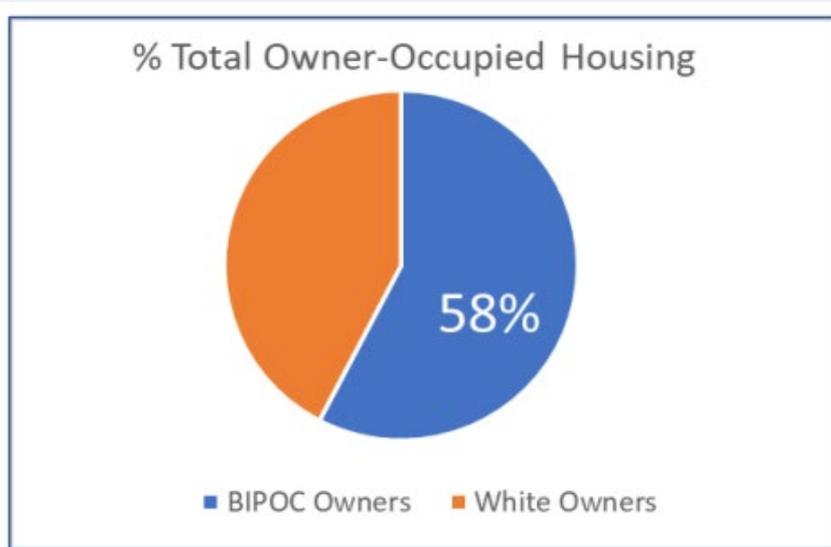
Overall, 64% of Connecticut's occupied housing stock is comprised of single-family housing, while 35% is multifamily housing (2+ units in structure). Most single-family homes are occupied by homeowners, while most multifamily units are occupied by renters.

In Hartford, 19% of occupied homes are single-family, and 81% are multifamily. Owners live in 64% of Hartford's 10,178 single-family homes, and renters live in 74% of its 43,680 multifamily homes.



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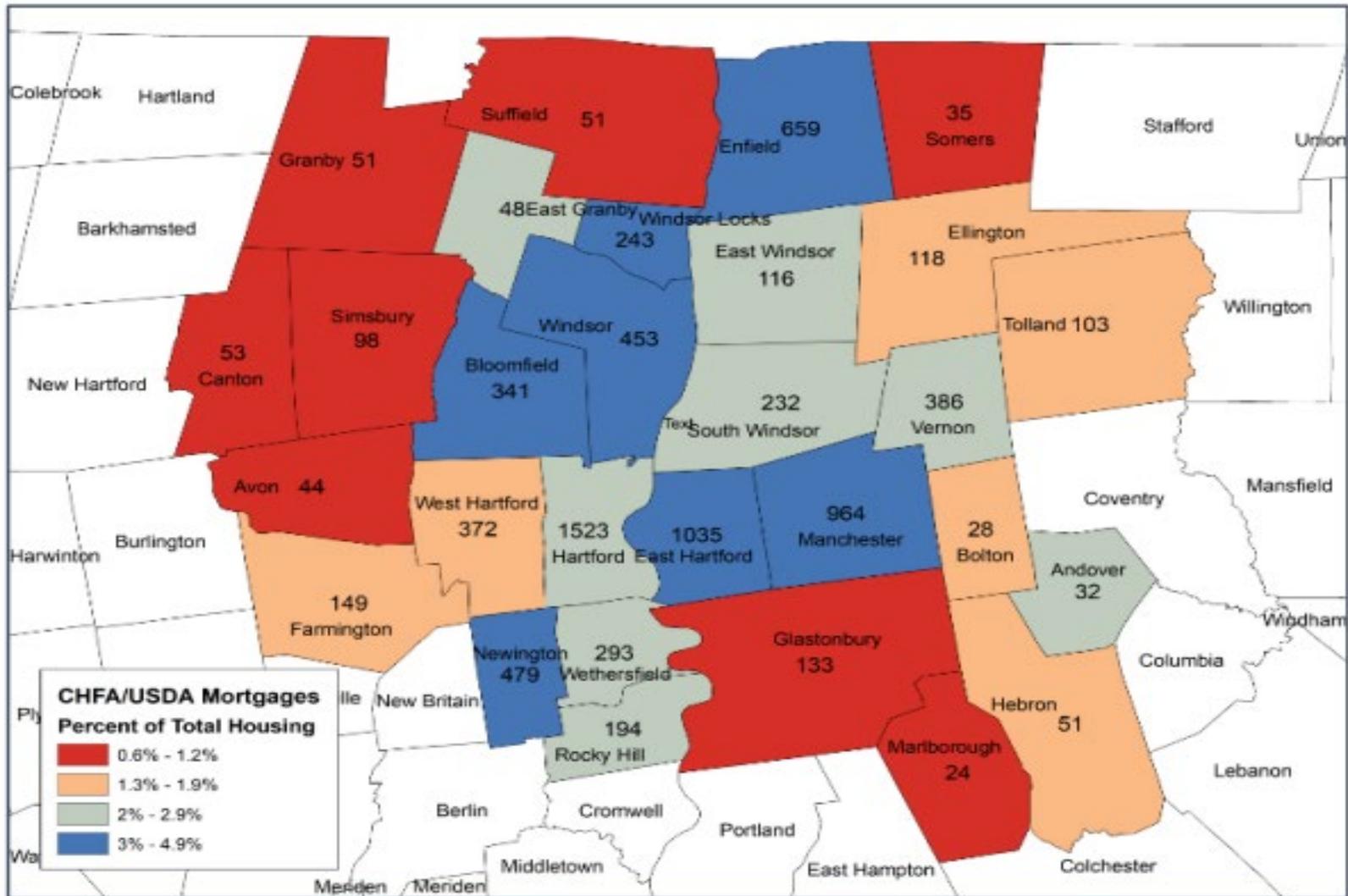


→ While 85% of Hartford residents are BIPOC, 58% of owner-occupied homes are occupied by BIPOC homeowners.

→ Black borrowers' median liquid assets are significantly lower than white borrowers (\$7,097 vs. \$9174).

→ Since 2017, CHFA has provided approximately 10,500 first mortgages with 12 percent of those loans being made to Black borrowers. Black borrowers were on average six years older than white borrowers.

Homeownership and Hartford



A Safe, Affordable Home: The Foundation of Opportunity

Recommendations

Provide direct financial support to BIPOC first-time homebuyers in Hartford

Action: *Create a BIPOC Homebuyer Down Payment Grant Program*

Goal: *A down payment grant program eligible only to black and brown homebuyers offers a means to directly reduce the wealth gap between white and BIPOC citizens in the Hartford region, expand the number of homes owned by black and brown families, improve the financial stability of BIPOC homeowners, and increase the homeownership rate in unassisted homes in Hartford.*

Rationale: *The down payment program would offer a correction to the historic discrimination in housing opportunities and wealth generation endured by BIPOC communities in the Hartford region, especially Black communities, and executed by all levels of government, lenders, and other involved in the homebuying process. Private funders may target grant making in ways that are not permitted with funds originating from public sources. This offers private funders a degree of flexibility and precision not available to government programs.*

Recommendations

Provide direct financial support to BIPOC first-time homebuyers in Hartford

Down Payment Grant Program Targeted Outcomes

1. Increase the number of BIPOC first-time homeowners in Hartford.
2. Directly increase the equity (wealth) BIPOC first-time homebuyers in Hartford start with in their new homes.
3. Eliminate additional and ongoing cost of private mortgage insurance that many first-time homebuyers incur by filling the gap between the cash down payment offered by the buyer and the 20 percent down payment needed to avoid PMI.
4. Preserve more of BIPOC existing liquid assets after closing a first-time homebuyer mortgage, thereby better positioning the new homebuyer to succeed in managing the ongoing and unplanned expenses of homeownership and life generally. Home



Recommendations

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Proposed Grant Program Attributes

1. **Fee:** No application fee or additional costs to participate in the program
2. **Cost:** The grant would lower borrower costs by increasing equity the borrower brings to closing (ideally up to \$20K in grants to meet the 20% downpayment threshold)
3. **Eligible Grantees:** BIPOC, first-time homebuyers
4. **Eligible Homes:** Prices must be within CHFA sales price limits
5. **Where:** Program could be limited to Hartford initially but should be expanded to include all Hartford region towns
6. **How:** Applicants apply through their mortgage lender (ideally CDFIs) who are established in such processes and administration
7. **What's Needed:** An annual ongoing commitment of funds to ensure program continuity and administration



Recommendations

Support the needs of homebuyers throughout the entire homebuying process and during homeownership.

Action: Fund the development of a one-stop homeownership support center in Hartford To grow and strengthen Hartford's homeowners and neighborhoods, the city needs a comprehensive, one-stop resource center for prospective and existing homeowners that provides ongoing financial and housing counseling, education, and access to resources.

Many organizations in Hartford provide some or all of these services and financial resources now, but a prospective homebuyer may not be aware of any of these services. ***See Neighborworks Homeownership Center as a best practice example.***



Recommendations

Existing Equitable Down Payment Assistance Grant Programs for BIPOC Homebuyers

- **birdSEED Foundation Housing Justice Down Payment Grant Program (Washington DC)**
 - *The birdSEED Foundation grew out of Flock, a DC-based property management company. Awards range from \$5,000 to \$15,000. Goal is to advance home ownership for Black and Brown first time home buyers in the DC area*
- **Housing Development Fund's Homeownership Equity Fund**
 - *seeded with a grant of \$500,000 from MacKenzie Scott and \$500,000 from HDF's assets. An additional grant of \$50,000 has been provided by The Goodnow Fund.*
 - *Provides down payment assistance (10-15K) to Black, Indigenous and People of Color (BIPOC) earning 80% or less of the Area Median Income so they can achieve homeownership in Connecticut communities*



Recommendations

Existing Equitable Down Payment Assistance Grant Programs for BIPOC Homebuyers

- San Diego LISC Black Homebuyers Program
 - *provides down payment and/or closing cost assistance for eligible Black first-time homebuyers.*
 - *The program is funded with \$1,000,000 from The San Diego Foundation Black Community Investment Fund and a \$250,000 contribution from LISC San Diego to advance homeownership and wealth building opportunities for Black individuals and families with low-to-medium incomes. Grants go up to 40K and matching funds are available from partner orgs.*
- The Reparative Housing Justice Fund (RHJF)
 - *Grants of up to \$10,000 to assist Black homebuyers in purchasing a home in the City of Albany, and up to \$5,000 if the home is purchased elsewhere in the Capital Region.*
 - *Grants may be used to address a variety of financial barriers to homeownership, including down payment costs, closing cost, personal credit issues and other associated home purchase costs.*