



Building Generational Wealth and Affordable Housing Report

MBA continues to strive to bridge the racial homeownership gap and create a pathway for generational wealth. MBA is committed to providing industry leadership and direction advocating for both rental and homeownership affordability across diverse income brackets.

Our goals are to:

- Develop and support policies that promote sustainable homeownership opportunities for communities of color;
- Ensure fair, equitable, and responsible lending for borrowers of color; and
- Advocate for policies aimed at sustaining housing affordability.

MBA has developed two initiatives with the goal of accomplishing these objectives:

- [Building Generational Wealth Through Homeownership](#), which strives to implement policy and program adjustments that raise awareness of homeownership opportunities for African American and Hispanic borrowers; secure policy and program changes to expand homeownership readiness to future borrowers; and assist current homeowners with maintaining and maximizing the benefits of homeownership.
- [Affordable Housing Policy Agenda](#), which identifies policies that can be implemented by regulatory and legislative action at the federal, state, and local levels to help promote housing affordability across a wide range of incomes and across both rental housing and homeownership.

Through these efforts, our dedicated members and partners persistently champion removing systemic barriers to homeownership and expanding access to affordable housing options. We are focused on policy reforms that can be enacted through regulatory and legislative channels at the federal, state, and local levels.

Here is an overview of what we have accomplished and what we will be pursuing next:

1. Advocate for legislation that promotes housing affordability and access options for both renters and homeowners.

WHAT WE'VE DONE:

Collaborated with industry partners and Congress to champion legislation and initiatives aimed at lowering obstacles to homeownership and rental housing. We remain committed to advancing MBA-supported bills that champion housing affordability, recognizing it as a pivotal tool for bolstering financial stability. These bills include:

- [Build More Housing Near Transit Act \(H.R. 6199\)](#)
- [Downpayment Toward Equity Act \(H.R. 4495\)](#)
- [The Neighborhood Homes Investment Act \(H.R. 2143\)](#)
- [Yes In My Backyard Act \(H.R. 3507\)](#)
- [Affordable Housing Credit Improvement Act \(S. 1557 and H.R. 3238\)](#)
- [Tax Relief for American Families and Workers Act \(H.R. 7024\)](#)
- [Workforce Housing Tax Credit \(S. 3436 and H.R. 6686\)](#)
- [Increase the FHA Multifamily Loan Limits \(S. 2862\)](#)





WHAT'S NEXT:

- Continue to advocate for state and federal legislation and promote MBA-supported bills.
- MBA COMBOG, CREF members, and the Affordable Rental Housing Advisory Council have made substantial progress within the framework of the [Affordable Rental Housing Strategy's four pillars](#). Our central focus will be on the following strategies:
 - + Improving the accessibility of affordable housing for working-class and middle-income families.
 - + Supporting trade association and industry partners in efforts to provide renters with financial literacy, credit counseling, and savings strategies as well as efforts to expand access to renter counseling to minimize evictions and create more informed tenants and potential homeowners.
 - + Educating policymakers at all levels of government about the long-term negative effect of rent control on affordable rental housing supply and safety through [HousingSolutionsCoalition.org](#).
 - + Exploring long-term solutions to house the homeless, especially in major metropolitan areas, through structures such as long-term leases for repurposed buildings that are turned into shelters.
 - + Supporting the implementation of MBA-backed Climate United's \$7 billion grant from the National Clean Investment Fund to address energy efficiency and decarbonization of affordable rental housing.

2. Promote HUD's support of new affordable and market-rate apartments.

FHA's multifamily loan programs are critical to ensuring market liquidity and the development of rental properties nationwide. FHA's production of rental housing units, however, has decreased more than 50% in the last two years.

WHAT WE'VE DONE:

- Following [a letter](#) submitted by MBA in September 2023, MBA has continued to meet with HUD and Administration officials on ways to improve the HUD Multifamily loan program, including:
 - + Reducing fees, including eliminating unnecessary or duplicative third-party reports.
 - + Increasing wind/named storm insurance deductibles.
 - + Revising the maximum allowable debt-service coverage ratio (DSCR) for underwriting.
 - + Reducing the multifamily Mortgage Insurance Premium (MIP).

WHAT'S NEXT:

- In April, HUD published [a new rule](#) increasing the deductibles for wind/named storm insurance, making it easier and less expensive for housing providers to obtain adequate insurance. MBA's President and CEO Bob Broeksmit, CMB, released [a statement](#) on HUD updates to wind and named storm requirements. MBA will continue to advocate for reforms to the FHA-Insured Multifamily Program to meet the urgent

need for affordable housing. MBA thanks FHA Commissioner Gordon and the team at HUD for their ongoing engagement on this issue and will continue to work with industry stakeholders on reforms and policy improvements.

- MBA is completing a data request to support our call for revising the DSCR.



3. Support FHA 203(k) Rehabilitation Insurance Program with proposed enhancements.

Unlocking the FHA 203(k) rehabilitation program is a key MBA priority, given its potential to address housing supply shortages by facilitating the rehabilitation of outdated and/or dilapidated housing stock that would otherwise lack marketability. This program seeks to address the ongoing housing supply challenge in urban and rural areas, particularly in regions with significant communities of color. It achieves this outcome by providing financing for renovations for FHA borrowers, thereby transforming the home into a viable housing option.

WHAT WE'VE DONE:

- MBA submitted [comments](#) in response to HUD's proposed Mortgagee Letter implementing amendments to the 203(k) program. MBA is pleased that several of the proposed enhancements align with the recommendations outlined in the [April 2023](#) letter.
- This July, [HUD announced](#) major changes to the FHA 203(k) program intended to expand program utilization and efficacy. These key changes, which incorporate many of the recommendations MBA advocated for, include:
 - + The allowable total rehabilitation costs for the Limited 203(k) have been raised from \$35,000

to \$75,000, a figure that remained unchanged for nearly two decades.

- + The allowable rehab period has been extended to 12 months for the Standard 203(k) and nine months for the Limited 203(k).
- + The 203(k) consultant fee can now be financed in the total mortgage amount for the Limited 203(k), and allowable fees for consultants have been increased for the first time since 1995 to increase compensation and encourage more participation.

WHAT'S NEXT:

- MBA appreciates the partnership with FHA to achieve these meaningful changes. MBA will continue to engage with FHA on improvements to the 203(k) program.

4. Encourage regulators, the GSEs, and lenders to create effective Special Purpose Credit Programs (SPCPs).

WHAT WE'VE DONE:

- MBA moderated a roundtable discussion on SPCPs, hosted by HUD, the Consumer Financial Protection Bureau (CFPB), the Federal Housing Finance Agency (FHFA), and the Office of the Comptroller of the Currency (OCC). The discussion centered around the availability of SPCPs to address the credit needs of eligible individuals. The event featured a roundtable with representatives from lender and community groups, focusing on the opportunities and benefits of these specialized credit programs.
- MBA advocated for Fannie Mae's SPCP, which promotes homeownership growth among eligible first-time buyers by offering aid for downpayments or closing costs. Additionally, by supporting Freddie Mac's SPCP, BorrowSmart Access,SM MBA aims to tackle a key challenge faced by potential homebuyers: the absence of downpayment assistance.

WHAT'S NEXT:

- MBA will continue to collaborate with industry stakeholders to advocate for the adoption of SPCPs. These programs have demonstrated effectiveness in assisting disadvantaged borrowers and serve as a valuable tool in narrowing racial homeownership and wealth disparities.

5. Promote the expansion of down payment assistance and ease of access for borrowers of color.

WHAT WE'VE DONE:

- The [HFA1 Homeownership Lender Toolkit](#) was developed through a collaboration with MBA, the National Council of State Housing Agencies (NCSHA), Freddie Mac, Fannie Mae, and other industry organizations. This new online resource enables mortgage lenders to partner more efficiently with state housing finance agencies to provide mortgage loans and downpayment assistance to lower-income homebuyers.
- MBA joined the National League of Cities and the American Planning Association's Housing Supply Accelerator, a national campaign to improve local capacity, identify critical solutions, and speed reforms that enable communities and developers to work together to produce, preserve, and provide a diverse range of quality housing by realigning the efforts of public and private stakeholders.



WHAT'S NEXT:

- Additional updates to the HFA1 Homeownership Lender Toolkit are expected soon. MBA will continue to work with NCSHA to raise awareness among members about the tool.
- We will collaborate with stakeholders in the housing sector to identify solutions to meet housing needs at the local level including through CONVERGENCE.

6. Raise awareness and utilize resources available through CONVERGENCE place-based initiatives to improve affordability and maintain homeownership.

WHAT WE'VE DONE:

[CONVERGENCE's](#) place-based initiatives worked diligently toward removing barriers to homeownership in communities of color. The goal of CONVERGENCE is to create programs and solutions that can be tested locally and then adapted across a range of markets nationally. Highlights from the cities include:

- CONVERGENCE Columbus launched the Bloom614 Homebuyer Readiness Program, which utilizes fintech software to provide consumers with virtual coaching to accelerate their path to mortgage-readiness.
- CONVERGENCE Columbus, the Federal Home Loan Bank of Cincinnati, and MBA collaborated on the Rise Up program, which offers \$25,000 grants for down payment, closing costs or principal reduction assistance to first-generation, first-time homebuyers.
- CONVERGENCE Memphis purchased eleven lots in a predominately Black neighborhood that will be developed as affordable, entry-level, single-family housing for owner occupancy. The initiative is part of a pilot program that leverages technology and data to reduce the expenses associated with constructing entry-level housing.
- CONVERGENCE Philadelphia launched a series of educational and networking sessions for housing counselors, lenders, and real estate professionals to share information about affordable housing programs and to foster collaboration among the participants.

WHAT'S NEXT:

- MBA is developing a CONVERGENCE Knowledge Community that will create a shared vision for establishing, growing, and operating CONVERGENCE in different markets. Best practices from each city will be used to create resources such as templates and toolkits that can be shared broadly.
- Both the Affordable Homeownership and Rental Housing Advisory Councils will continue to advise MBA's work with private, public, and nonprofit partners to lead efforts to address the affordable housing crisis.

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3
Support FHA 203(k) Rehabilitation Insurance Program with proposed enhancements.

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Encourage regulators, the GSEs, and lenders to create effective Special Purpose Credit Programs (SPCPs).

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Promote the expansion of down payment assistance and ease of access for borrowers of color.

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Raise awareness and utilize resources available through CONVERGENCE place-based initiatives to improve affordability and maintain homeownership.

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Promote financial education while ensuring affordable housing remains a priority by launching a new initiative.

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WHAT WE'VE DONE:

- The Princess Mackie Book Challenge is an initiative to promote financial education while developing new tools and resources to help children learn more about homeownership in our local schools and community organizations.
- MBA, along with 2024 Chairman Mark Jones, launched a campaign with a goal for our members to purchase and donate 10,000 copies of *Princess Mackie Buys a House*, an illustrated children's book by Twala Lockett-Jones.

WHAT'S NEXT:

- We will continue to encourage our members to participate in the Princess Mackie Book Challenge to help reach this goal throughout Mark Jones' chairmanship and to donate to schools and community organizations across the country. To learn more and to join the challenge, [visit the Princess Mackie Book Challenge website.](#)

Conclusion

MBA remains committed to working closely with policymakers to advocate for policies and programs aimed at improving housing affordability. Leveraging its unique position, MBA actively engages with key stakeholders to eliminate financing obstacles, provide financial education, and offer counseling services. Through advocacy, partnerships, and connections within the industry, MBA's steady dedication to affordable housing aims to narrow the racial homeownership gap, enhance housing affordability, and positively impact communities of color across the United States. With the constant support of its dedicated members and partners, MBA will continue to make significant strides toward achieving our shared goal.

"I am committed to promoting financial education for young adults and focusing on advocacy initiatives that increase housing supply and improve affordability in communities across America. I hope you all will get involved in this initiative. And I thank you in advance for helping us restore the allure and opportunity of homeownership — especially in low-and moderate-income households and communities of color. The success of our industry — and our country — depends on it."



Mark Jones
2024 MBA Chairman
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