

KEYS UNLOCK
DREAMS

NFHA



2022

Keys Unlock Dreams Initiative **Impact Statement**

National Fair Housing Alliance

About the Keys Unlock Dreams Initiative

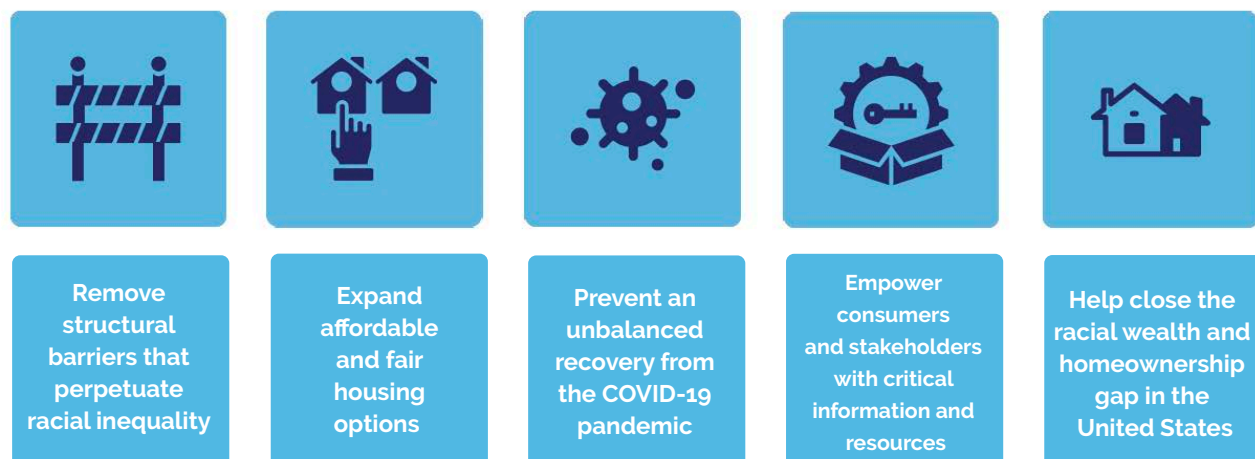
The Keys Unlock Dreams Initiative (KUDI) is a national, multi-city initiative designed to reduce racial wealth and homeownership gaps by ensuring that underserved communities impacted by redlining, disinvestment, and negative impacts of the dual credit market, have access to quality, affordable credit and fair housing opportunities. KUDI also aspires to ensure communities of color can bounce back stronger after the COVID-19 pandemic and that consumers are empowered with the information they need to have housing security and make financially sound decisions.

The overarching goal of the KUDI is to achieve 3 million net new Black homeowners by 2030 and a 50% Latino homeownership rate by 2024.

Our Approach

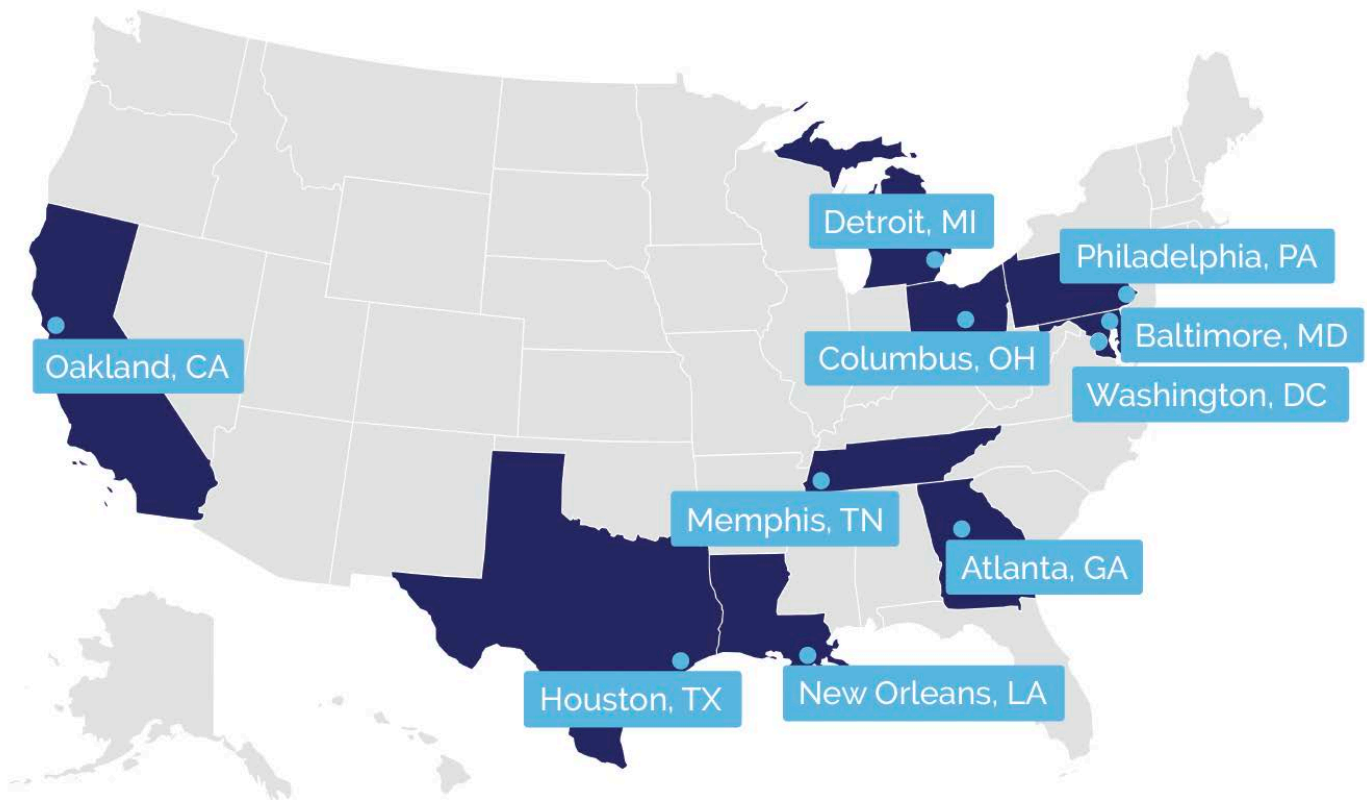


Our Goals



Digging Deep in 10 Cities

Part of the work under this effort is national since policies and programs implemented at the federal level significantly impact what happens in local communities. But we are also delving into 10 cities to collaborate with local stakeholders, including our members, to expand fair lending compliance and enforcement, conduct pilot programs that can be scaled for broad impact, support meaningful research, and achieve critical homeownership expansion goals. One of our goals is to implement federal policies and programs we have helped develop and amplify, like Affirmatively Furthering Fair Housing tools, First Generation Down Payment Assistance, set-asides for socially disadvantaged groups, and Special Purpose Credit Programs, at the local level, to test their efficacy.¹



¹ For more information on these programs, see the resources below.

First Generation Downpayment Assistance Program - <https://nationalfairhousing.org/wp-content/uploads/2021/12/crl-nfha-first-generation-jun21.pdf>

First Generation Program for GSEs - <https://nationalfairhousing.org/wp-content/uploads/2022/04/First-Generation-for-GSE-Affordable-Programs-4-11.pdf>

Impact at a Glance

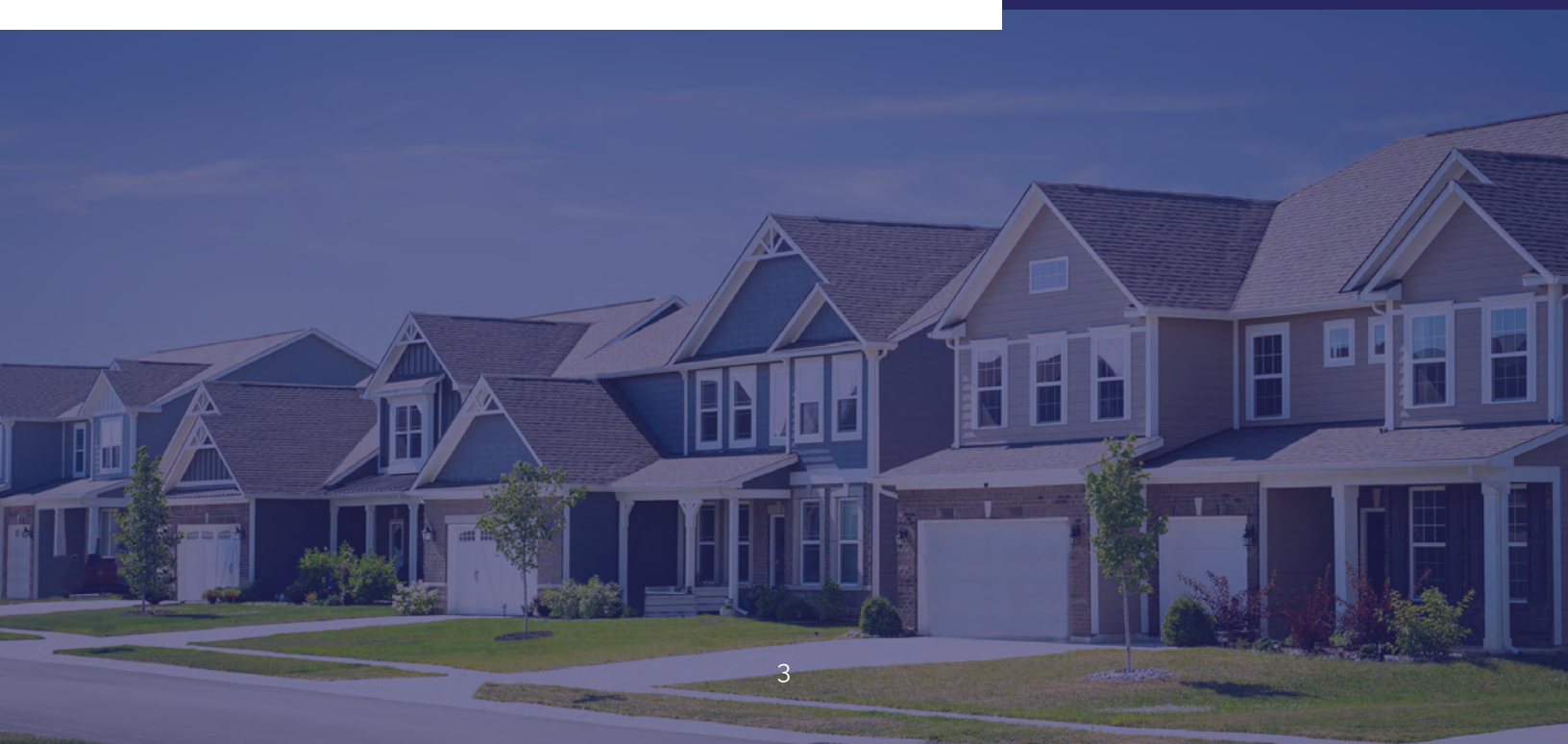


The Black homeownership rate increased between **2% - 2.1%** or **261,855** homeowners from 2019 to 2021. The Latino homeownership rate increased between **.9% - 2.5%** or **1,239,481** homeowners from 2019 to 2021.²

The Black-White homeownership gap declined from **30.2** percentage points to **29.3** percentage points (0.9 percentage points), and the Latino-White homeownership rate gap declined by **24.1** percentage points to **22.7** percentage points (1.4 percentage points).



² <https://www.urban.org/urban-wire/new-data-show-black-and-latino-homeownership-rates-increased-during-pandemic> (and unpublished homeownership numbers, 2022)





Lisa Rice

President & CEO
National Fair Housing Alliance

The increase in Black and Latino homeownership is an important milestone. It is the result of targeted, equity-based policies and programs that NFHA has championed since the COVID pandemic began. During and after the Great Recession, homeownership and wealth gaps increased disproportionately for Black and Latino households. We worked extremely hard and were determined and intentional about seeing a more balanced and equitable recovery from COVID. The improvements in homeownership indicate we're headed in the right direction, but we must not stop."



By the Numbers

Helped **millions** of consumers by developing and implementing numerous equitable housing policies.

These include a racial equity Executive Order, Fair Housing Memorandum, and abolishment of the “equity and truth ban,” among others.

4.2 million households benefited from our advocacy to secure \$46.55 billion for Emergency Rental Assistance Program infusing fair housing principles into the programs administrated in 50+ states and jurisdictions.

666,660+ homeowners will be saved from foreclosure in ways that adhere to fair housing principles due to our advocacy to secure \$10 billion for the Homeowners Assistance Fund.



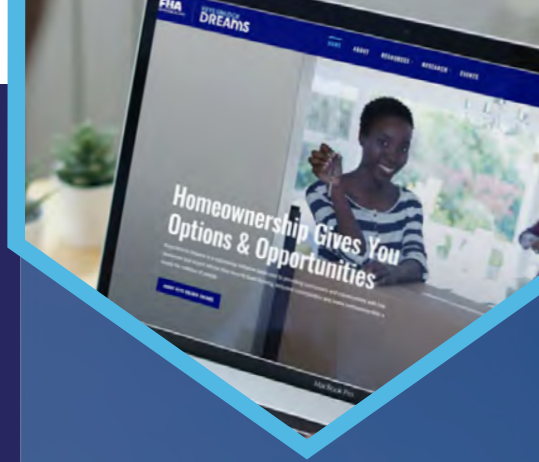
By the Numbers

170,000 Black and Latino consumers could be assisted by the first generation downpayment assistance plan that we've spearheaded with the Center for Responsible Lending.

Introduced KUDI to nearly **11,000** industry members and stakeholders through direct education and outreach and more than **5 million** through articles and TV shows.

5,000 renters have received important information on rental assistance programs in both Spanish and English through our award-winning Frontdoor app.

In January 2021, NFHA launched a new website for Keys Unlock Dreams with valuable information for consumers including a new homebuyer toolkit designed to walk prospective buyers through the often overwhelming process of homebuying. The website also serves as a repository for research and resources for industry stakeholders. The site has had **2,700** unique visitors to date.



Research

The Urban Institute (UI) is NFHA's major research partner, and we have contracted with UI to conduct comprehensive, tailored research under the Initiative. This research has included [market analysis reports](#) for Detroit, Columbus, Memphis, and Atlanta which revealed household socioeconomic characteristics, mortgage and credit data, home prices, and housing supply data that are all related to the lower Black homeownership rate and housing wealth in the regions. The aim is to help decision-makers identify and evaluate solutions to racial housing wealth disparities in their area and to offer metrics and benchmarks toward progress.

We've also collaborated with Zillow on the release of important research that highlights health and financial disparities in KUDI cities. [Where You Live Matters](#) builds off of [earlier research](#) Zillow/Trulia conducted and shows a continuing disturbing trend of much higher concentrations of bank branches, healthy food options, and healthcare services in predominantly White communities. It also exposes a continued pattern of alternative financial providers, like payday lenders, check-cashing establishments, and pawnshops being concentrated in communities of color.

Zillow surveyed [aspiring homebuyers](#) in 20 U.S. metro areas and found that the pandemic is having a greater impact on lower-income families, renter households, and people of color. This report also revealed a [knowledge gap](#) around homeownership, particularly for borrowers of color. Only 66% of Latino and 68% of Black consumers know how to connect with a real estate agent. Only 67% of Black and Latino consumers know the amount of money needed for a down payment. Only 63% of Black and Latino consumers are knowledgeable about the process of purchasing a home, and only 59% of Latino and 64% of Black consumers understand the steps needed to obtain a mortgage loan. We hope these findings will inform our partners to develop culturally competent education and outreach.

In collaboration with the National Community Stabilization Trust, we also created the report [Protecting Homeownership From the Impact of COVID-19](#). The report provides important research on how homeowners were being harmed by the pandemic and economic crisis and the disproportionate impacts on Black, Latino, Native, Asian, and other underserved communities. It also provided a host of recommendations for preserving homeownership and

protecting communities, particularly communities of color, from foreclosure and its negative impacts. A number of the recommendations lifted up in the report have since been adopted.



NFHA reached 11,000 people through events we hosted or co-hosted to educate consumers and stakeholders about the Keys Unlock Dreams Initiative. Here, CNN Commentator and White House Correspondent, April Ryan; NFHA Executive Vice President, Nikitra Bailey; Urban Institute Vice President for Housing Finance Policy, Janneke Ratcliffe; Mortgage Bankers Association Associate Vice President of Affordable Housing Initiatives, Wendy Penn; and NFHA President & CEO, Lisa Rice, pose after a KUDI event in Washington, DC.

Advocacy and Policy

Through our federal advocacy and outreach work under KUDI, NFHA's [Policy Roadmap](#) was instrumental in guiding the Biden Administration's work to advance racial equity and fair housing priorities and helping to reduce the racial wealth and homeownership gaps. These actions created equitable opportunities and protections for millions of people, including families hardest-hit by COVID-19. Starting on day one, the Administration undertook the following actions, based on recommendations from NFHA and allies from other civil rights organizations:

[Abolished the federal ban](#) against using federal funds to provide training or education on racial equity, diversity, inclusion, and other justice-centered issues. The "equity and truth ban" effectively censored all training on systemic and structural racism; diversity, equity, and inclusion; implicit bias; intersectionality; structural inequality; and many historical facts related to segregation, exclusionary zoning, and redlining. The National Fair Housing Alliance, along with the National Urban League, NAACP Legal and Educational Defense Fund, and [American Association for Access, Equity and Diversity](#), [filed a suit to have the ban removed](#). Upon taking office, President Biden rescinded the ban and took additional steps to resolve NFHA's lawsuit, paving the way for citizens to receive truthful information about the structural and systemic barriers that disproportionately impede communities of color from accessing affordable and sustainable homeownership opportunities.

Issued the [Executive Order entitled Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#) which revoked the "equity and truth ban" and instructed each federal agency to conduct analyses to determine "whether, and to what extent, its programs and policies perpetuate systemic barriers to opportunities and benefits for people of color and other underserved groups." To implement this mandate, the Office of Management and Budget (OMB) issued a Request for Information on Racial Equity Assessments. NFHA [drafted comments](#) and 10 organizations joined our response.

Issued the [Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies](#), the "Fair Housing Memorandum." It reiterates the Biden Administration's commitment to work with communities nationwide to eradicate all forms of

housing discrimination, expand fair housing opportunities, and examine the need for implementing a more effective Affirmatively Furthering Fair Housing Rule. It also instructs HUD to ensure rules are in place that would enable HUD to effectively enforce compliance with the Disparate Impact standard under the Fair Housing Act to promote fairness in the U.S. housing and finance systems.

Helped remove harmful language that rolled back civil rights protections and reinstated strong language to Affirmatively Further Fair Housing. [NFHA provided key leadership](#), working with hundreds of civil rights and community-based organizations, which resulted in HUD withdrawing a harmful rule that would have stymied the advancement of fair housing goals and activities in every jurisdiction in the nation. Additionally, NFHA's leadership and advocacy with the Biden Administration resulted in the [restoration of fair housing definitions and certifications](#) that must be followed by every jurisdiction in the nation receiving federal funds. This development is critical to advancing equitable housing opportunities in communities throughout the nation.



NFHA's Keys Unlock Dreams Initiative enjoys support from a broad range of constituents and partners including Grammy Award-winning artist and founding member of New Edition and Bel, Biv, DeVoe, Ronnie DeVoe. Joining Mr. DeVoe at a recent KUDI event are Marvetta DeVoe, Principal Broker of DeVoe Real Estate; Joan Trice, Founder of Allterra Group, LLC and Clearbox, LLC; and Gene Frazier, Area Manager of Hometown Lenders.

Enacted legislation providing \$10 billion to assist our country's most vulnerable homeowners in the Homeowner Assistance Fund (HAF) as part of the American Rescue Plan Act of 2021. HAF is intended to prevent mortgage delinquencies and defaults, foreclosures, and loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship after Jan. 21, 2020. HAF funds will aid millions of Americans with mortgage payments, homeowner's insurance, property taxes, utility payments, and other specified purposes. HAF was the first innovative housing program to include funding for socially disadvantaged individuals (SDI), which means the law prioritizes funds for homeowners who have experienced the greatest hardships, leveraging local and national income indicators to maximize the impact, and was designed to support homeowners in all states, the District of Columbia, U.S. territories, Tribes or Tribal entities, and the Department of Hawaiian Home Lands.



Doubled the funding for the Emergency Rental Assistance Program allowing hardest-hit renters, including millions of renters of color, frontline workers, and families with children, to remain housed. The American Rescue Plan's additional \$21.6 million helped to mitigate the financial harm caused by the pandemic and kept Americans safe as COVID-19 continued to devastate

communities. This program was instrumental in helping to prevent evictions for millions of families and also insulated renters' credit scores from negative reports, maintaining pathways to future homeownership opportunities.

Issued a Request for Information (RFI) on Financial Institutions' Use of Artificial Intelligence, Including Machine Learning. This vitally important RFI marks the first time the federal government has sought information on how artificial intelligence can negatively harm communities and block underserved groups from critical opportunities. NFHA led a group of organizations to [develop a comprehensive response](#) to the RFI. Our comment has been used by hundreds of organizations to help frame their policies and stances on the use of artificial intelligence and algorithmic-based utilities.

Required the GSEs to complete Equitable Housing Finance Plans. Because of NFHA's robust advocacy, which included a [comprehensive response](#) to the Federal Housing Finance Agency signed by 16 organizations, the GSEs have published their Equitable Housing Finance Plan. They include many of the provisions recommended by NFHA. NFHA is providing ongoing guidance on the implementation of these plans, which can help realize the GSEs' capacity to provide financial liquidity to support an additional one million underserved and mortgage-ready homeowners each year.

Advocated for the GSEs to use Rental Housing Payment Information to underwrite and qualify consumers. The impact of this systems upgrade will ensure the ability of a vast number of new consumers who have traditionally faced barriers to accessing credit to enter into homeownership, including Black, Latino, Pacific Islander, Native, and women consumers.

Led Comprehensive Efforts to Combat Appraisal Bias, including through the release of a first-of-its-kind report entitled "[Identifying Bias and Barriers, Promoting Equity: An Analysis of the USPAP Standards and Appraiser Qualifications Criteria](#)" in January 2022. NFHA's report influenced the [Interagency Task Force on Property Appraisal and Valuation Equity Action Plan](#), and NFHA's President and CEO keynoted the report's release along with Vice President Kamala Harris and Co-chairs U.S. Department of Housing and Urban Development Secretary Marcia Fudge and Domestic Policy Advisor Susan Rice. NFHA has also met with appraisal industry stakeholders, relevant government agencies, and a large group of advocates on this issue, in addition to hosting a public webinar on the topic with more than 700 registrants.

Products and Programs

Under the Keys Unlock Dreams Initiative, NFHA has led efforts to implement programs nationwide that unlock opportunities for buyers that would close the racial wealth and homeownership gaps and prevent an equitable recovery from the COVID-19 pandemic and economic crisis.

First Generation Homebuyers Down Payment Assistance Program

NFHA is leading the effort, in partnership with the Center for Responsible Lending, to implement Down Payment Assistance (DPA) programs for [First-Generation](#) homebuyers. First-gen DPAs, designed properly, are one of the most effective means for closing the racial wealth and homeownership gaps. Every \$30 billion dedicated to DPA for first-gen homebuyers adds more than 500,000 new Black and Latino homeowners, increasing the homeownership rates for both groups by at least one percentage point. NFHA also developed a framework for a special component for First-Generation DPAs for [Socially and Economically Disadvantaged Individuals](#). (See page 8.)

Homeowners Assistance Fund

NFHA helped lead the effort to establish a [Homeowners Assistance Fund](#) (HAF) in the American Rescue Plan for homeowners impacted by the COVID pandemic. We also co-led the effort to secure \$10 Billion in funding for HAF, which will result in preventing nearly 700,000 homeowners from experiencing default or severe delinquency. This achievement is critical since a [disproportionate percentage of homeowners who are in delinquency are people of color](#). Large numbers of people of color could lose their homeownership status because of the pandemic and economic fallout, negating efforts to close the homeownership gap. NFHA assisted Treasury in drafting language and providing extensive feedback on the HAF program design. This included developing language for a special set-aside for Socially Disadvantaged Individuals (SDI). SDIs are *individuals whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances*.

Because of the slow uptake of HAF, NFHA is continuing to work, alongside other advocates, with the Consumer Financial Protection Bureau (CFPB),

Treasury Department, and other federal agencies to ensure the HAF has the greatest impact and efficacy.

Emergency Rental Assistance Program

NFHA helped secure \$46.55 billion for the Emergency Rental Assistance Program, infusing fair housing principles into the programs that are administered by more than 50 jurisdictions and states. This rental assistance provided much-needed relief for 4.2 million households nationwide.

Frontdoor



Through our Tech Equity Initiative, NFHA developed and implemented an app to assist tenants who are seeking assistance through the Renters Assistance Fund, which is being administered by the Treasury Department. The award-winning app, called FrontDoor, helps shorten the application process by connecting tenants with programs for which they are eligible and helping them prepare the necessary paperwork they will need to apply for assistance. More than 5,000 people have utilized this service to date.

Special Purpose Credit Programs

Another priority area of focus for NFHA under the KUDI is [Special Purpose Credit Programs \(SPCPs\)](#). SPCPs were authorized under Regulation B of the Equal Credit Opportunity Act of 1974 to target socially and economically disadvantaged groups that share a common characteristic, such as gender, race, or national origin, for lending opportunities. Unfortunately, this provision has gained little to no traction over the past 47 years. NFHA collaborated with the civil rights law firm Relman Colfax to write an [expert paper](#) outlining the legal framework for this powerful tool to address racial inequity. The report concludes that properly designed SPCPs are compatible with the Fair Housing Act and other anti-discrimination statutes and that creditors should be encouraged to deploy SPCPs to build a more inclusive financial system.

NFHA spearheaded the effort to get HUD to issue guidance on Special Purpose Credit Programs, which prompted lenders, who had been sitting on the sidelines, to embrace this program and ultimately develop and implement lending programs.

In partnership with the Mortgage Bankers Association, we recently released an [online toolkit](#) designed to help depository and non-depository lenders through the process of designing their own SPCP, and soon will be following up with additional guidance for nonprofits and Community Development Financial Institutions (CDFIs) and government entities.

Special Purpose Credit Programs



In partnership with the Mortgage Bankers Association, NFHA recently released an online toolkit designed to help depository and non-depository lenders through the process of designing their own SPCP, and soon will be following up with additional guidance for nonprofits and CDFIs and government entities. The Toolkit has had more than 6,900 unique visitors to date and has been very well-received by practitioners. NFHA has also partnered with the Urban Institute on this project and will continue to work with them to create a Data Toolkit as a companion piece.

Neighborhood Homes Investment Act

The [Neighborhood Homes Investment Act](#) would revitalize distressed urban, suburban, and rural neighborhoods with federal income tax credits, mobilizing private investment to build and rehabilitate homes for lower- and middle-income homeowners, mostly in neighborhoods of color. NFHA worked with a coalition of groups to get bipartisan legislation introduced in both the House (H.R. 2143) and Senate (S. 98), which, in just 10 years, would lead to 500,000 homes built or substantially rehabilitated, \$100 billion of total development activity, 785,000 jobs in construction and construction-related industries, \$43

billion in wages and salaries and \$29 billion in federal, state, and local tax revenues and fees.

Redlining Toolkit

NFHA developed a comprehensive [Redlining Toolkit](#) to empower advocates, lenders, government entities, journalists, scholars, and researchers to take action to ensure fair access to credit, filling a critical need to support the identification of redlining risk and violations. The first part of the Toolkit describes the history and legal framework for redlining and provides analytical tools to identify specific lenders with high redlining risk. Part II is being developed and will provide guidance for taking action when a lender shows high redlining risk in a community of color and also provide useful resources, such as a step-by-step guide on how to use the data.

Advancing Tech Equity

Through its Tech Equity Initiative, NFHA also worked to create a new framework to audit systems like credit scoring, insurance scoring, automated underwriting, risk-based pricing, digital advertising, and tenant screening. This framework, called the [Purpose, Process and Monitoring \(PPM\) framework](#), provides a roadmap for various stakeholders to assess the fairness and actual efficacy of algorithmic systems and to lessen their harmful effects on equity in our society. The PPM framework has generated unprecedented interest in tech equity and is an important tool to expand access to credit and eliminate barriers to homeownership nationally.

Education and Outreach

NFHA spearheaded significant education and outreach activities under the Initiative. NFHA's staff participated in more than 70 virtual and in-person events to introduce the initiative to more than 10,000 industry partners and stakeholders.

We also significantly increased KUDI's visibility through featured articles in [Black Enterprise magazine](#), [Shelterforce](#), Baltimore Real Producers magazine, and the [Detroit Free Press](#), as well as mentions in numerous blog posts. We also increased exposure of the KUDI to 476 housing and lending industry professionals through the [Power is Now Media](#) streaming TV segment. These outreach efforts had a ripple effect, attracting interest from additional financial supporters and partners and facilitating local connections and relationships in key cities.

Future education and outreach objectives include building on critical research to develop educational tools and resources for consumers to help them obtain and sustain homeownership opportunities.

70

Events at which
NFHA presented
KUDI-related
information

10,000

Industry
stakeholders
reached through
our education and
outreach efforts

5 million

Consumers
reached through
earned media

Partners

Keys Unlock Dreams would not be possible without the many partners who are committed to our shared priorities to further Black and Latino homeownership and close the racial wealth gap.

KUDI Sponsors:

- Citi
- J.P. Morgan Chase
- Mr Cooper
- National Association of Realtors
- Nationwide
- Zillow

Collaborators:

- Baltimore Metropolitan Council
- Black Homeownership Collaborative
- CONVERGENCE Memphis
- CONVERGENCE Columbus
- Detroit Future City
- DeVoe Real Estate
- Houston Housing Collaborative
- Mortgage Bankers Association
- National Association of Hispanic Real Estate Professionals
- National Association of Real Estate Brokers (NAREB)
- National Housing Conference
- Nationwide Children's Hospital

Looking ahead...

Keys Unlock Dreams furthers a bold vision to remove the barriers that perpetuate inequality and close the racial wealth and homeownership gaps in the United States. We have worked to ensure a strong national foundation for these goals and to prevent an unbalanced recovery from the COVID-19 pandemic, and [new data](#) confirms that we are making progress. As KUDI moves forward, it will further drill down in our 10 focus cities to promote and implement fair housing-driven solutions that address key issues, such as displacement from gentrification, health inequity, appraisal bias, and access to credit.

KUDI is supported by a dedicated program manager and our Housing and Community Development staff, as well as staff members in the Legal, Public Policy, Advocacy and Government Affairs, Tech Equity, Member Services, Communications, and general administration divisions to help move the Initiative's ambitious goals forward.

