

KEYS UNLOCK  
**DREAMS**

# 2023 Keys Unlock Dreams Initiative Impact Statement

**NFHA** 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



Advocacy  
and Policy



Products  
and Programs



Education  
and Outreach



Research



Partnerships

### Our Goals



Remove  
structural  
barriers that  
perpetuate  
racial inequality



Expand  
affordable  
and fair  
housing  
options



Prevent an  
unbalanced  
recovery from  
the COVID-19  
pandemic



Empower  
consumers  
and stakeholders  
with critical  
information and  
resources



Help close the  
racial wealth and  
homeownership  
gap in the  
United States





“Centuries of discriminatory policies and practices in the housing and financial markets, some of which persist to this day, helped create deep injustices in our credit and housing markets. They created unfair systems, like segregation, a biased appraisal system, the dual credit market, discriminatory technologies, restrictive zoning ordinances, and more. These policies, practices, and systems were designed to deny underserved groups access to the American Dream of homeownership. NFHA’s Keys Unlock Dreams Initiative is designed to disrupt discriminatory structures and create an equitable landscape where everyone can thrive and our nation can prosper. This past year marked another milestone of achievements and continued increases in homeownership for Blacks and Latinos who have disproportionately faced discrimination in our society. We are determined to continue advancing fair housing and lending principles that lift all people – not just some. Our team of dedicated employees and partners have worked throughout the year to give people the keys to unlock their dreams. This report shows the keys we’ve crafted do work and that is why we must stay the course.”



**Lisa Rice**  
President & CEO



# IMPACT AT A GLANCE

KEYS UNLOCK  
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From **2019 to 2023**, the Black homeownership rate **increased by 13%** and the Latino homeownership rate **increased by 7.5%**, and over the past year alone, the Black and Latino homeownership rates **increased by 2.2% & 2.7%** respectively.

KUDI toolkits and research have been visited and downloaded by more than **21,000 users** in the past year alone.



**Over 20,000** new buyers of color will benefit from NFHA's partnerships with state and national affiliate networks to advance equity focused programs.

Throughout the year, NFHA submitted 13 comments on federal policies and supported the development of 17 joint comments. NFHA testified before a special Senate Forum on AI and **helped advance over 10 critical policies** to expand fair housing and lending opportunities for millions of people.

NFHA engaged **over 40 partners** over the last year to produce research, participate in events, launch programs, and drive policy change that closes the racial wealth gap.

NFHA hosted and/or presented at 40 education and outreach events, **reaching over 5,000 attendees** in the past year.

**75 households**, most of whom will be buyers of color, will achieve homeownership through three new equity-focused homeownership programs. Because these are pilot programs, hundreds more buyers of color will continue to benefit from these partnerships.

## OUR GOAL

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KUDI was launched in 2019 to address the precipitous decline in homeownership for Black people as well as systemic challenges faced by Black, Latino, and other consumers of color in their attempts to access homeownership since these groups have been blocked from having equal access to housing opportunities. Our goal is to significantly reduce the racial homeownership and wealth gaps by providing necessary tools to increase Black and Latino access to homeownership which is the primary wealth-building tool for most people.

We have made critical progress. From 2019 to 2021, working in tandem with other stakeholders, we were able to stop the disturbing and precipitous decline in the Black homeownership rate. In that period, the Black homeownership rate grew by 2 percent and the Latino homeownership rate grew by 2.5 percent. Greater gains have been made over the past two years. From 2019 to 2023, the Black homeownership rate increased by 13 percent and the Latino homeownership rate increased by 7.5 percent. These gains have not eliminated the racial homeownership gap, which manifested due to blatant discriminatory policies and practices like redlining, racially restrictive covenants, racial steering, and discriminatory zoning ordinances. However,

they do represent a positive trend and indicate efforts to dismantle barriers are working.

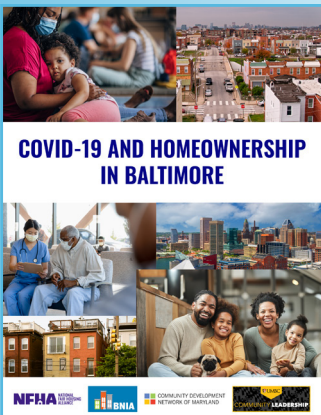
These gains are also significant since in 2019, the Black homeownership rate dropped to a jaw-dropping low of 40.6 percent and the Black-White homeownership gap had grown to a 30.1 percentage point difference. This wide of a gap had not been seen since 1890 meaning in the 15-year period from 2004 to 2019, Black Americans lost over a hundred years of gains. The remarkable growth in Latino homeownership is a trend expected to continue through this decade and beyond. The [Urban Institute predicts](#) that the majority of nonwhite homebuyers in the next two decades will be Hispanic.

While the more recent growth in Black and Latino homeownership are encouraging, the years between 2019 and 2022 provided unique circumstances that contributed to a favorable homebuying environment. It is more important than ever, in the face of higher interest rates and an affordable housing shortage, to leverage those gains and continue to push for policies and programs that support equitable housing opportunities.



## RESEARCH

NFHA contracted with the Urban Institute to conduct comprehensive, tailored research on homeownership under the Initiative. This research, conducted over three years, included market analysis reports in each of the following 10 KUDI focus cities: [Detroit](#), [Columbus](#), [Memphis](#), [Atlanta](#), [Baltimore](#), [Philadelphia](#), [Houston](#), [Oakland](#), [New Orleans](#), and [Washington DC](#). These reports outline household socioeconomic characteristics, mortgage and credit data, home prices, and housing supply data that are all related to the lower Black and Latino homeownership rates and wealth in the regions. The data reveals that the three largest reasons for loan declinations are credit score, debt-to-income ratios, and lack of collateral (which may be attributable to appraisal bias or lower loan-to-value ratios). This research underscores the continued need for solutions described in this report, like increasing the ability of borrowers to use rental housing payment information to help them qualify for mortgages, addressing algorithmic bias, and increasing support for down-payment assistance programs. The research has been shared with stakeholders in each city. Moreover, the reports have been accessed almost 100 times from a variety of stakeholders.



Cover: "COVID-19 and Homeownership in Baltimore," documents how the Black community has lagged in homeownership rates in Baltimore historically.

Through KUDI, NFHA supported research conducted through a collaboration between the Baltimore Neighborhood Indicators Alliance - Jacob France Institute (BNIA-JFI), the Community Development Network of Maryland (CDN), and the University of



Group Photo: Participants from the Health and Housing Equity Workgroup in Baltimore in November 2023.

Maryland Baltimore County (UMBC) Community Leadership Program – to explore the impact of COVID-19 on homeownership in Baltimore City. [The report](#) details vulnerabilities and ongoing disparities concentrated in Baltimore's redlined neighborhoods. Baltimore neighborhood studies clearly show that in the context of overall population loss, Black middle-class families are leaving the city while upwardly mobile young White individuals are moving in, resulting in predominantly Black neighborhoods growing poorer, while predominantly White neighborhoods were growing wealthier. Notable solutions proposed in the report include resident attraction and retention strategies, housing stability policies, and capacity-building support for housing organizations.

Health and housing are intrinsically connected. It is critical that health, housing, and community development practitioners collaborate in meaningful ways to develop shared goals and initiatives. Regional housing professionals undertake a comprehensive planning process every five years as required by the Fair Housing Act's Affirmatively Furthering Fair Housing (AFFH)<sup>1</sup> provision. Likewise, health professionals are compelled to do the same every three years by completing a Community Health Needs Assessment. These respective processes have very similar paths using stakeholder engagement, community input, and data analysis – all for the betterment of residents and neighborhoods. To that end, NFHA engaged with Health Management Associates to collaborate on crafting a guide to demonstrate prospective opportunities for these two processes, and the stakeholder groups conducting them, to align engagement and strategically collaborate to advance equitable housing and health outcomes for underserved groups.

## ADVOCACY & POLICY

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Throughout the year, NFHA led advocacy on initiatives to support the expansion of affordable, quality credit and fair homeownership opportunities. NFHA submitted 13 comments and supported 17 additional comments on federal housing and lending policies and provided testimony on appraisal bias reform at the Appraisal Subcommittee hearing held at the Federal Housing Finance Agency. Furthermore, NFHA was invited by Senate Majority Leader Chuck Schumer to provide testimony during a Senate Artificial Intelligence Insight Forum. In addition to Leader Schumer, these Forums are co-hosted by Senators Mike Rounds (R-SD), Martin Heinrich (D-NM), and Todd Young (R-IN). The purpose of the Forums is to provide the Senate with important information on the wide-ranging uses of AI, the potential benefits of AI, and the harms they hold. NFHA's testimony focused on the impact of AI on U.S. housing and lending markets.

We also shared remarks on Special Purpose Credit Programs at an Interagency Roundtable hosted by the U.S. Department of Housing and Urban Development, Federal Housing Finance Agency, Office of the Comptroller of the Currency, and Consumer Financial Protection Bureau on ways to stop discriminatory practices, foster a fair housing and lending marketplace, and create well-resourced, resilient communities where everyone can thrive. Additionally, we made significant advancements on more than 10 major policies that will help expand access for millions of consumers over the decades. Some of those critical policies are described below.

**Appraisal Justice** - For most Americans, their home is their single most important financial asset and holds the key to wealth, stability, and opportunity for their family and

generations to come. Communities of color are impacted by systematic undervaluation of their properties. One [analysis by Brookings](#) reveals that people owning homes in Black communities have lost \$162 Billion in equity due to undervaluation. NFHA paved the way in addressing [appraisal bias](#). Following the release of our [groundbreaking study](#) on appraisal bias, we partnered with the Brookings Institution for a screening of the documentary [Our America: Lowballed](#). A panel of industry experts then discussed racial bias in the home appraisal process, the effects on communities of color, and solutions for removing discrimination from every stage of the home valuation process.

Additionally, after NFHA's extensive advocacy, the Federal Housing Finance Agency (FHFA) provided public access to millions of Uniform Appraisal Dataset (UAD) aggregate statistics derived from more than 47.3 million appraisals. FHFA also released data tools that will enable users to analyze the differences between appraised home values in communities of color, over time, and across both state and metropolitan areas. This is the first time the UAD was made public establishing a positive trend for consumers.

**Disparate Impact** - Based on NFHA's leadership, the U.S. Department of Housing and Urban Development (HUD) restored critical civil rights protections for millions of people and safeguarded fairness in housing and financial services by promulgating the Discriminatory Effects Standard Rule (Final Rule). Disparate impact eliminates policies that wrongly keep people from obtaining safe housing and accessing opportunities and services like homeowners' insurance, mortgage loans, and fair appraisals. Discriminatory policies and



## ADVOCACY & POLICY

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practices make it more difficult for survivors of domestic violence, families with children, and returning veterans to obtain or keep housing. They also undermine our shared interest in ensuring that housing and financial services opportunities are available to every individual, regardless of their personal characteristics. The Final Rule reinforces the criteria established by the Supreme Court in its 2015 Inclusive Communities decision. It also codifies long standing judicial and federal agency consensus regarding discriminatory effects law.

### **Affirmatively Furthering Fair Housing**

- HUD released an updated Affirmatively Furthering Fair Housing (AFFH) proposed rule after significant leadership from NFHA and our members and partners. The rule is an important step toward creating more equitable and affordable housing opportunities and stronger, more viable neighborhoods. Our organizations urged the Biden-Harris administration to prioritize restoring inclusive fair housing rules that ensure everyone lives in healthy, well-resourced, vibrant communities free from discrimination. This administration committed on day one to address our request and took another step toward fulfilling its promise to advance fair housing.

The Fair Housing Act's AFFH mandate requires every entity — local governments, states, housing authorities, etc. — receiving federal funding for a housing or urban development purpose, to use those funds, as well as operate all their programs, in a manner that affirmatively furthers fair housing opportunities. When used appropriately, the Fair Housing Act's AFFH provision can reduce racial and gender wealth and homeownership gaps; increase the supply of quality accessible and

affordable housing; improve educational, health, environmental, and other outcomes; increase economic opportunities; and benefit thousands of communities and millions of people. By addressing structural inequities, we can build a stronger economy, develop and support more affordable housing options, and maintain a check on inflation, as housing is the single largest expense for the average consumer.

### **Federal Home Loan Bank 100 Year Review**

- the Federal Housing Finance Agency (FHFA) released a report on its comprehensive review of the Federal Home Loan Banks: "FHLBank System at 100: Focusing on the Future." The report adopted many of the recommendations proffered by NFHA and other civil rights and consumer protection groups contained in our joint comment letter, including:

- Recognizing that the FHLBanks' unique advantages come with corresponding responsibilities for the FHLBanks to support their public mission,
- Re-evaluating the Affordable Housing Program to encourage greater use in a safe and sound manner, and
- Recommending Congress amend the FHLBank Act to substantially increase the statutory minimum contribution to the Affordable Housing Program.

**Loan Level Pricing Adjustments** – Based on extensive advocacy from NFHA and allies, the Federal Housing Finance Agency (FHFA) eliminated upfront fees for the Enterprises' affordable mortgage programs as well as first-time homebuyers at or below the median income. FHFA also removed the DTI fee from the pricing framework. The move was based on critical research conducted by FHFA, Fannie Mae,



## ADVOCACY & POLICY

and Freddie Mac and is supported by empirical evidence. FHFA took an important initial step in achieving improved equitable pricing while advancing safety and soundness. These actions will expand access to homeownership for first-time homebuyers and underserved borrowers that the future system's success depends on. The removal of the DTI fee better aligns the FHFA's policies with those of the Consumer Financial Protection Bureau (CFPB). The CFPB eliminated its DTI requirement in the Qualified Mortgage Rule because DTI is not a reliable predictor of risk. Many organizations have conducted research that demonstrates the DTI is less predictive of a consumer's risk and is highly correlated to race. As such, any requirement or pricing based on DTI has a likelihood of generating disproportionately biased outcomes for Black, Latino, AAPI, and Native borrowers.

**Language Access** - As the result of advocacy efforts by NFHA and partners, the Federal Housing Administration (FHA) announced the launch of [a new language access web page](#) that provides key FHA mortgage related documents in Chinese, Korean, Spanish, Tagalog and Vietnamese. FHA announced that it would require lenders originating mortgages for FHA insurance to use the Supplemental Consumer Information Form (SCIF) to collect information about applicants' language preferences. This action aligns FHA's policy with that of Fannie Mae and Freddie Mac so that going forward, language preference information will be collected on most new mortgage originations, enabling borrowers who are not proficient in English to have to better access to important information about their mortgages.

**Fairness in Growth** - The House Select Committee on Economic Disparity and Fairness in Growth adopted NFHA's policy recommendations in its final report titled, [Bridging the Divide: Building an Economy that Works for All](#), including reforming exclusionary zoning, prioritizing housing affordability, funding First-Generation Downpayment Assistance in the Downpayment Toward Equity Act and Restoring Communities Left Behind Act, and increasing affordable housing by providing greater funding for housing vouchers for families with children.



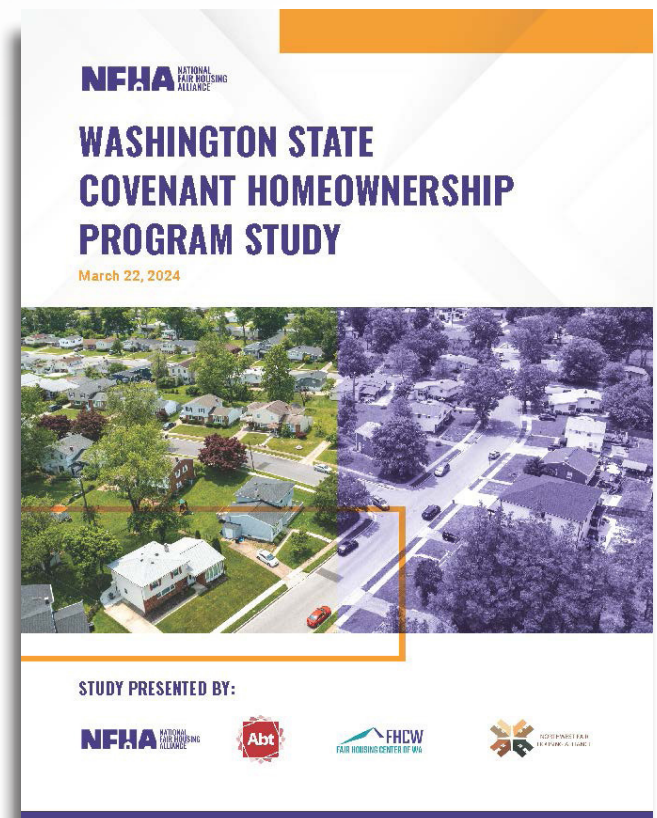
## PRODUCTS & PROGRAMS

In 2022, NFHA, in partnership with the Mortgage Bankers Association, created the website [spcptoolkit.com](https://spcptoolkit.com) to provide comprehensive information on Special Purpose Credit Programs and provide lenders step-by-step instructions on how to design and launch their own program. This year, the website was redesigned, and additional content was added including a guide highlighting [best practices for nonprofit lenders](#). In early 2024, another exciting feature was revealed. NFHA partnered with the Urban Institute to add a [data toolkit](#) to the website as a free resource for lenders to use to help create their foundational SPCP written plan. This year alone, approximately 18,000 users visited the SPCP toolkit.

In collaboration with NFHA's Consulting and Compliance team, several efforts to increase equity and opportunity in housing using SPCPs are underway. Habitat for Humanity International (HFHI) launched an [Advancing Black Homeownership](#) initiative in 2022 to deepen its commitment to creating more racial equity among its homebuyer families. This year, NFHA is collaborating with HFHI to educate affiliates across the country to provide a series of three trainings with 200+ affiliate attendees each and issue guidance memos on ways to advance Black homeownership and abide by fair housing requirements.

Another exciting partnership stems from the State of Washington's April 2023 legislation that addresses the need to implement solutions to rectify damage done to communities through practices like racially restrictive covenants and redlining. This groundbreaking legislation has two parts: (1) it commissions a research study to investigate housing discrimination against marginalized communities in Washington,

what role government institutions played in this discrimination, the lasting impacts of the discrimination, and the possible remedies; and (2) it creates a new source of funding to provide targeted assistance to homebuyers who were impacted by discrimination throughout the state. NFHA was selected to author the [Covenant Homeownership Program Study](#) and worked with Abt Global, the Fair Housing Center of Washington, and the Northwest Fair Housing Alliance to issue it in March 2024. To address the continuing impacts of discrimination against underserved groups, the study recommends the State of Washington establish a customized, race conscious Special Purpose Credit Program that will provide between \$75 million and \$100 million each year for down payment assistance and will launch in July 2024.



Cover: "The Washington State Covenant Homeownership Program Study" was written in collaboration with Abt Global, the Fair Housing Center of Washington and the Northwest Fair Housing Alliance.



## PRODUCTS & PROGRAMS

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NFHA also continued its work to expand First Generation homeownership assistance programs as a strategy that better targets resources to supporting homebuyers who lack intergenerational wealth to support their homeownership journeys due to discrimination. NFHA played a key role in the adoption of a First Generation program in North Carolina—[the Homeownership Assistance Program \(HAP\)](#) – that provided \$20,000 for first-time buyers and up to \$30,000 for first-generation buyers to maximize impact for households buying in an expensive and supply-constrained market. The program has had 235 applications and 65 closed transactions and is currently preparing to launch in Haywood County in western North Carolina.

NFHA partnered with three organizations in KUDI cities to increase racial equity in homeownership through products and programs designed to create enhanced financial access to homebuyers of color. As a result of this effort, Atlanta Neighborhood Development Partners in **Atlanta** will be creating a first-generation down payment assistance fund and Neighborhood Housing Services of **Baltimore** and Homeport in **Columbus**, Ohio will be launching new special purpose credit programs to support buyers of color. NFHA is providing resources to help develop these programs and to ensure the first 25 homebuyers in each program have down payment assistance to access homeownership by the end of 2024. More importantly, these partnerships will set the foundation for equity-focused programs that will help many more households of color become homeowners in years to come.

## EDUCATION & OUTREACH

In 2023, the KUDI team participated in national conferences and educational events to promote solutions to close racial homeownership and wealth gaps. Staff sponsored and/or presented at 40 events reaching over 5,000 attendees.

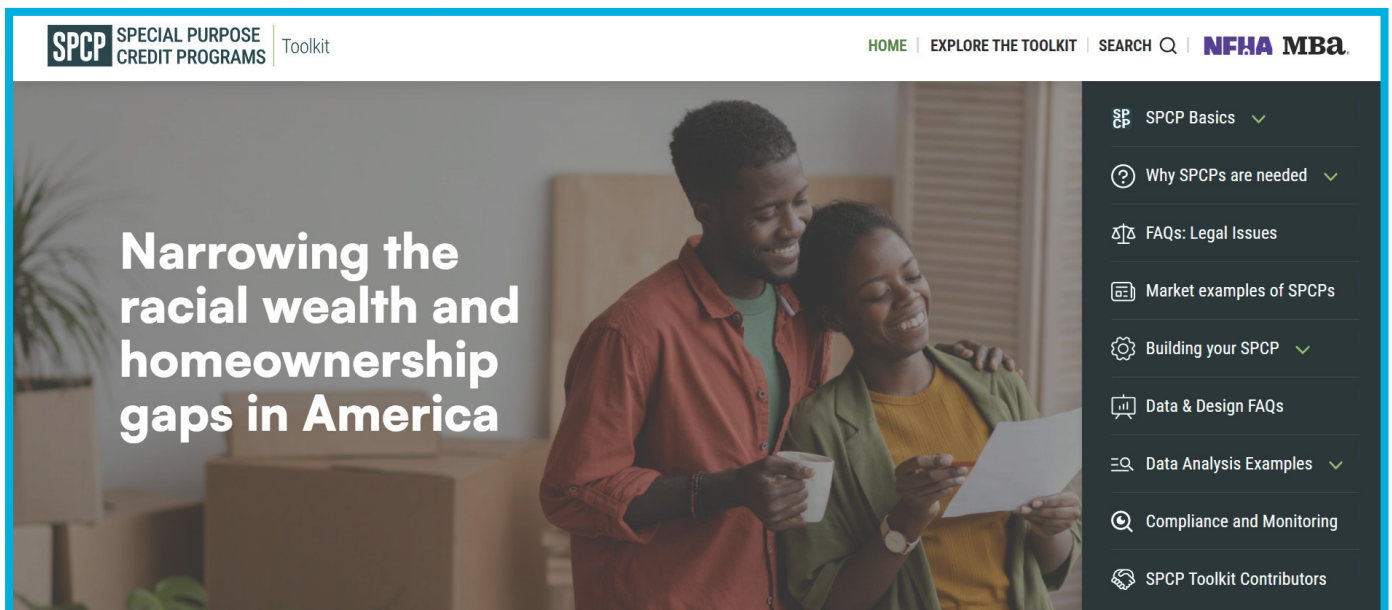
On March 28, 2023, in collaboration with our partner Nationwide, we hosted the Housing and Health Symposium in Columbus, Ohio. This event brought together housing, community development, health, financial services, and public service experts along with community representatives and residents to discuss solutions for increasing housing and health security for Franklin County residents with an emphasis on the Linden neighborhood. Three dynamic panel discussions highlighted the intersection of health and housing, challenges and opportunities in homeownership, and a discussion about how local entities are using the Affirmatively Furthering Fair Housing framework to advance equity and opportunity.



Photo: Lu Yarbrough with Nationwide is pictured presenting at the Columbus Health and Housing Symposium in March 2023.

NFHA and Health Management Associates convened a workgroup of health and housing experts in Baltimore, Maryland to finalize a new industry guide titled, *Improving Health Outcomes: Affirmatively Furthering Fair Housing as a Tool to Further Health Equity*. The report will be released in mid-2024.

Finally, building on NFHA's groundbreaking efforts on Special Purpose Credit Programs, we introduced a refreshed SPCP Toolkit website including new content for nonprofits and Community Development Financial Institutions (CDFIs). In partnership with the Mortgage Bankers Association, we hosted a webinar with 350 attendees in late September to provide the national lending community with legal updates and best practices for SPCP program design.



Website: A redesigned website for the Special Purpose Credit Programs Toolkit was unveiled and includes valuable new content.



## BUILDING PARTNERSHIPS

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Organizational partnerships are key to the success of Keys Unlock Dreams. NFHA engaged with over 40 partners to advance the goals of the Keys Unlock Dreams Initiative.

Throughout 2023 we offered small funding opportunities to nonprofit organizations in KUDI cities to support local community efforts. In Baltimore, we supported a research project that examines the impact of the COVID-19 pandemic on homeownership and became a partner sponsor of Live Baltimore, an organization dedicated to homeownership and building thriving urban neighborhoods. In Washington DC, NFHA partnered with an interfaith coalition organizing a local exhibition of *Undesign the Redline*, an interactive display, workshop series, and curriculum that explores the history of segregation and structural racism through the lens of redlining.

As the Black Homeownership Collaborative entered its third year, NFHA continued to be a thought partner and coalition member through participation in the Steering Committee, Racial Equity Workgroup, and Homeownership Counseling, Marketing, and Outreach Workstream. A Second Anniversary commemoration at the National Civil Rights Museum in Memphis convened housing professionals from across the country to celebrate successes in increasing Black homeownership and generate ideas for how to keep progressing towards the goal of three million net new Black homeowners by 2023.

NFHA continues to partner with real estate and financial services industry groups such as the National Association of Real Estate Brokers, National Association of Hispanic Real Estate Professionals, Asian Real Estate Association

of America, National Association of Realtors®, LGBTQ+ Real Estate Alliance, Housing Policy Council, and Mortgage Bankers Association on education, program, and advocacy efforts and initiatives to help address and eliminate disparities in housing opportunities.

We also continue to partner with organizations that have provided financial support for KUDI to help us address discriminatory barriers in the housing and lending marketplace and expand opportunities for those communities of color. Without these partners, which include Nationwide, Citi, JP Morgan Chase, Mr. Cooper, Oak Foundation, Zillow, and the National Association of Realtors®, this vital program would not be possible.

## FUTURE OF KEYS UNLOCK DREAMS

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KUDI began as a three-year, 10-city initiative with an ambitious goal of closing racial homeownership and wealth gaps in key cities across the country. Even with historic gains during these three years, inequalities remain, and the challenges highlighted during the COVID-19 pandemic mean that national efforts are more important than ever. Through our local work, partnerships with housing organizations revealed strength in unified efforts. As the Keys Unlock Dreams Initiative moves forward, we will concentrate our efforts in three priority cities: Baltimore, Columbus, and Memphis. Though promoting homeownership will remain our primary focus, we will explore related topics that affect homeownership and wealth gaps such as the connections between health and housing, climate equity, and environmental justice.

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