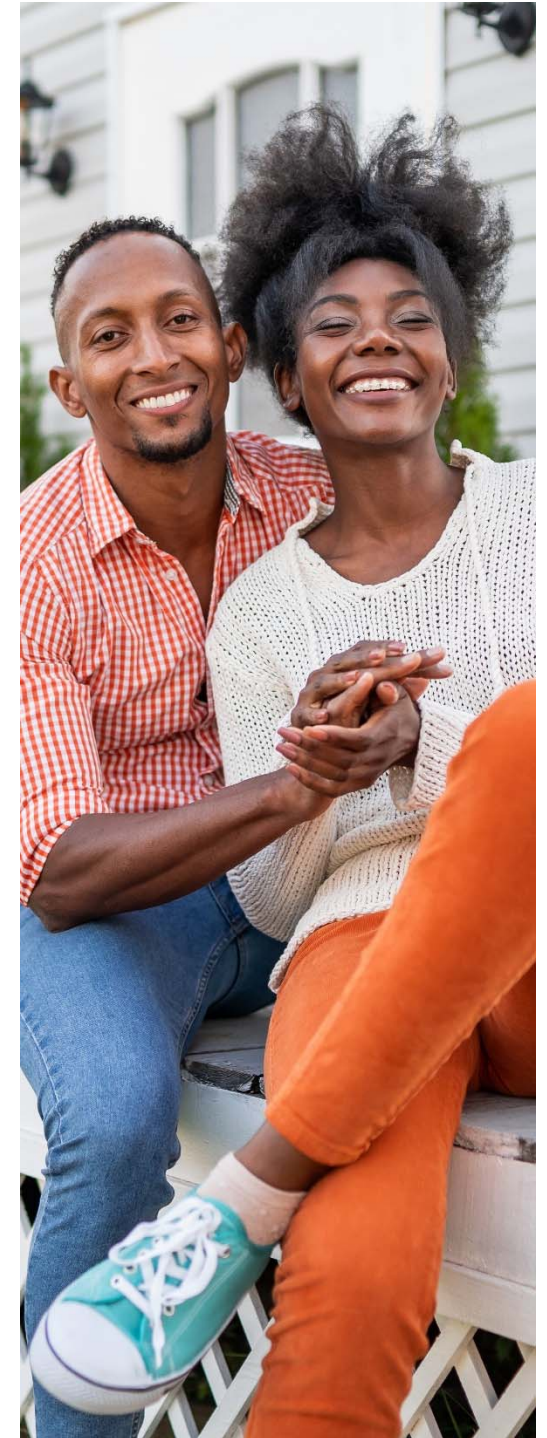




**COALITION FOR MORE  
HOUSING CHOICES**

# Increasing Black Homeownership in the Puget Sound Region

**Initial Plan 2021 by Seven Focus Areas**



The Puget Sound region is known for its innovation and has become a center for technology. While there is prosperity for many, there are also significant contrasting challenges for many others. Study after study and community voice have made it clear, people of color cannot access equitable pathways to opportunity, including intergenerational wealth creation, due to systemically racist policies and practices. In many respects, the inequities are stark.

Aligning interests and resources that focus on equity, infrastructure development, housing production and preservation, and underwriting and lending could lead to doubling the Black homeownership rate in the next couple of decades. This is what compels all the organizations involved in this initiative to build an impact network and help formulate this plan.



## The following pages contain:

A list of the organizations and associations that have spent the last six months working on this draft plan.....	2
A brief description of each of the seven plan focus areas.....	3
A breakdown of preliminary strategic priorities and strategies by focus areas (those bolded are the greatest priority).....	5

# This effort is being led in partnership with the following organizations:



The organizations listed support the objective of increasing and sustaining Black homeownership in the Puget Sound. We will approach this work as a network where no one organization or no single aspect of this seven-point plan will be sufficient for our success. The network will collectively work to refine this plan and welcome more collaborating partners, while constantly benchmarking and cataloging similar work being done elsewhere that can be applicable here.

# The Seven Focus Areas

The challenge of doubling the Black homeownership rate in the next two decades in the four-county region of King, Kitsap, Pierce and Snohomish Counties could be expressed most simply as one of supply and demand. Unfortunately, this oversimplifies the complexity of what needs to be changed and amplified if we are to succeed. We have chosen rather to create a network that will focus on seven focus areas:



**1. Marketing and Outreach:** To overcome many years of discriminatory practices, and negative experiences attached to becoming homeowners we need to create proactive approaches to marketing. This includes strategies to create coordinated systems for intake and deploying “trusted brokers” who interface with community and provide credibility, assurance, and encouragement to Black households who could potentially become homeowners.



**2. Pre/Post-Purchase Counseling:** Overcoming the many barriers including student loan debt, credit history and score, and limited information dictates new strategies in pre-purchase counseling. Credit-building support and special efforts to encourage those previously denied a loan are essential. Post-purchase counseling can help even out the volatility of income and expenses.



**3. Purchase Supports/Tools:** Strategies to create ample down payment assistance (DPA) programs scaled across various incomes are essential. The use of additional tools like homebuyer clubs to provide encouragement, and debt remediation funds to help address debt incurred from life events, are other examples of strategies in this focus area.



**4. Credit and Lending:** Innovation strategies in mortgage credit scoring and mortgage products are necessary. Having underwriters that are context responsive is also key. We need systems to track and support those who are not immediately mortgage-ready so that we encourage potential buyers with “not yet” rather than “no” and provide trajectories to “yes”.



**5. Housing Production:** All the efforts around identifying and preparing buyers will be vulnerable to failure unless we find ways to increase the supply of affordable homes available for purchase. To overcome the challenges of a hot market we need new and expansive predevelopment and construction financing resources. We need intentional land identification and acquisition strategies and new partnerships between non- and for-profit developers. We also need to leverage different forms of conveyance using community land trusts, sweat equity models, and cooperatives, combined with multi-unit structures.



**6. Policies and Practices:** This area includes a wide range of policy changes and consumer protections at the federal, state, and local levels to overcome past discriminatory practices and pave the way for a focus on Black households. The reforms are wide-ranging in the areas of lending and real estate.



**7. Sustaining Existing Owners:** Strategies to ensure existing homeowners retain ownership of their homes and equitably benefit from homeownership as a wealth-building tool. These strategies include foreclosure prevention, property tax reduction, home repair assistance, detached accessory dwelling units and more, and are essential to the initiative’s success.

1. Marketing and Outreach	2. Pre-Purchase Counseling	3. Purchase Supports/Tools	4. Credit and Lending	5. Housing Production	6. Policies and Practices	7. Sustaining Existing Owners
<p><b>1A.</b> Connect with the Black population including the diaspora to ascertain interest in homeownership and proactively share potential opportunities</p>	<p><b>2A.</b> Develop new- and grow existing - comprehensive programs tailored for ready, near-ready and long-term-ready homebuyers</p>	<p><b>3A.</b> Create an array of buyer readiness tools and resources to complement pre-purchase counseling programs</p>	<p><b>4A.</b> Modify underwriting and lending practices to expand access to appropriate and affordable loans and address any systemic discrimination</p>	<p><b>5A.</b> Build sector capacity to increase and sustain scaled delivery of homes</p>	<p><b>6A.</b> Enact zoning and regulatory reform policies that meaningfully increase supply and access to affordable entry-level, and market-rate homes for first-time homebuyers</p>	<p><b>7A.</b> Proactively make comprehensive post-purchase education, counseling, foreclosure prevention and repair resources widely and readily available</p>
	<p><b>2B.</b> Expand program effectiveness through a network of partnerships among agencies, lenders and real estate agents that elevates homeownership as a process not an event</p>	<p><b>3B.</b> Expand access to, and amount of, down payment assistance funding available</p>		<p><b>5B.</b> Launch a comprehensive land identification, mapping, and acquisition initiative</p>	<p><b>6B.</b> Substantially increase tools that capture land value through acquisition and assemblage to preserve affordability and stave off displacement</p>	<p><b>7B.</b> Ensure programs and services don't perpetuate or increase disparities</p>
				<p><b>5C.</b> Scale the production and sustain the inventory of a healthy mix of for-sale home types, sizes, and prices</p>	<p><b>6C.</b> Coordinate efforts to address regulations and practices that unnecessarily impede development of, and prevent access to, homeownership opportunities</p>	
				<p><b>5D.</b> Create new and significant predevelopment and construction capital</p>	<p><b>6D.</b> Expand public grants that finance affordable home construction to create sustainable homeownership opportunities</p>	



## FOCUS AREA 1: MARKETING AND OUTREACH

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>1A.</b> Connect with the Black population including the diaspora to ascertain interest in homeownership and proactively share potential opportunities</p>	<p><b>1A1. Create a network of community-based organizations, faith, community leaders etc. to facilitate trusted connections with community members for ongoing two-way communication</b></p> <p><b>1A2. Work with trusted brokers to develop outreach tools and tactics specifically tailored to, and appropriate for, the Black population</b></p> <p><b>1A3. Implement affirmative marketing and outreach strategies presenting a full spectrum of homeownership products, services, and providers and track activities and outcomes</b></p> <p><b>1A4.</b> Update and promote an expanded definition of First Time Homebuyer (FTHB) to help with uptake of FTHB programs</p> <p><b>1A5.</b> Ensure tracking mechanisms are in place to follow interested households from first-time homebuyer classes such as the those sponsored by the WSHFC</p>	<p><b>1A6.</b> Create and incentive a program for new buyers to refer family and friends to pre-purchase programs</p> <p><b>1A7.</b> Develop curriculum for high school students to learn about the potential and process of homeownership</p>

## FOCUS AREA 2: PRE-PURCHASE COUNSELING

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>2A.</b> Develop new- and grow existing - comprehensive programs tailored for ready, near-ready and long-term-ready homebuyers</p>	<p><b>2A1. Develop a system of intake and assessment that helps triage interested buyers and provides them with a tailored plan for readiness and complete an online portal for coordinated intake and assessment</b></p> <p><b>2A2.</b> Provide one-on-one housing counseling and seek to cultivate long term relationships, increasing the number of counselors to implement</p> <p><b>2A3.</b> Utilize tools to support buyers with longer term purchase timelines such as through Homebuyer Clubs and individual development accounts (IDAs)</p>	
<p><b>2B.</b> Expand effectiveness through a network of partnerships among agencies and lenders that elevates homeownership as a process, not an event</p>	<p><b>2B1. Cultivate a wider ecosystem of collaboration between partners (i.e. formal sector lenders, financial institutions, and real estate agents), creating a network of trusted brokers that understands the array of credit, debt remediation programs and how to refer denied applicants to resources and alternative homeownership programs</b></p> <p><b>2B2.</b> Develop a cohesive pathway for applicants from the time of interest/intake to move in/occupancy that has seamless handoffs of deferring and referring to appropriate programs like credit and debt remediation</p>	<p><b>2B3.</b> To the degree possible, standardize loan applications and required additional materials to simplify counseling efforts</p>

## FOCUS AREA 3: PURCHASE SUPPORTS/TOOLS

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>3A.</b> Create an array of buyer-readiness tools and resources to complement pre-purchase counseling programs</p>	<p><b>3A1. Develop and expand use of “homebuyer clubs” and incentive savings programs such as individual development accounts (IDAs)</b></p> <p><b>3A2. Design and implement a debt remediation revolving loan fund that can be used to take out excessive debt that ensues from life events</b></p> <p><b>3A3. Expand and maintain a central repository for all down payment assistance and LMI lender offerings that would be accessible to homebuyers, banks, housing counselors, and other service providers</b></p> <p><b>3A4.</b> Create partnerships with credit counseling agencies to deliver context-responsive credit counseling and remediation</p>	<p><b>3A5.</b> Incentivize positive relationships. For example by offering a reduction on the mortgage insurance premium if the owner can demonstrate a sustained relationship with a financial adviser</p>
<p><b>3B.</b> Expand access to, and amount of, down payment assistance (DPA) funding available</p>	<p><b>3B1. Increase the amount of DPA available for more low- and moderate-income households from a variety of sources including private and philanthropic initiatives</b></p> <p><b>3B2.</b> Increase the number of financial institutions that provide and allow use of DPA</p>	

## FOCUS AREA 4: CREDIT AND LENDING

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>4A.</b> Modify underwriting and lending practices to expand access to appropriate and affordable loans and address any systemic discrimination</p>	<p><b>4A1. Standardize underwriting guidelines and provide uniform income and acquisition limits for increased DPA utilization.</b></p> <p><b>4A2. Increase training for lending partners on how to use DPA products.</b></p> <p><b>4A3. Expand the number of community-based lending professionals using down payment assistance that allow third party subordinate liens</b></p> <p><b>4A4.</b> Use direct interventions like special purpose credit programs (SPCP) and social investment pools.</p>	<p><b>4A5.</b> Address and correct systemic discriminatory practices in lending, credit scoring, appraisals, etc.</p> <p><b>4A6.</b> Provide an incentive for sellers to accept DPA buyers, such as through excise tax exemptions or other options</p>



## FOCUS AREA 5: HOUSING PRODUCTION

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>5A.</b> Build sector capacity to increase and sustain scaled delivery of homes</p>	<p><b>5A1. Secure new resources for pre-development, operations, and staffing capacity of community-based and community-facing nonprofit organizations</b></p> <p>5A2. Develop and deliver comprehensive training and technical assistance for all homeownership sector partners, including funders, lenders, and developers</p>	<p><b>5A3.</b> Publish a compendium of all available resources for operations and capital</p>
<p><b>5B.</b> Launch a comprehensive land identification, mapping, and acquisition initiative</p>	<p><b>5B1. Secure due diligence on all potential underutilized and surplus public and faith owned lands and acquire when feasible</b></p> <p><b>5B2. Accelerate the use of community ownership models in partnership with community-based organizations and coalitions.</b></p> <p><b>5B3.</b> Boost the capability of existing land acquisition funds, including the WSHFC Land Acquisition Program (LAP), to increase capacity for acquisition and to foster a predictable pipeline for public capital funding planning</p>	<p><b>5B4.</b> Evaluate promising practices of programs that use expiring tax credit properties and their related policies, as well as public housing, for conversion to homeownership</p>
<p><b>5C.</b> Scale the production and sustain the inventory of a healthy mix of for-sale home types, sizes, and prices</p>	<p><b>5C1. Encourage the continued increased investment of public subsidy - in the form of equity - in affordable homeownership</b></p> <p><b>5C2. Broaden the use of creative methods of affordable homeownership such as shared equity, limited equity and other cooperatives, lease purchase, ADUs</b></p> <p>5C3. Expand use of turnkey and joint venture production with private developers and general contractors</p>	<p><b>5C4.</b> Weave partnerships that diversify the full production chain for Black business wealth creation</p> <p><b>5C5.</b> Develop mixed income development models that allow for creative use of subsidy</p>
<p><b>5D.</b> Create new and significant pre-development and construction capital</p>	<p><b>5D1. Create a construction financing resource specifically for homeownership with below market terms that is backed with social impact investment</b></p> <p><b>5D2. Work with LISC/Enterprise to create a new tailored homeownership pre-development fund using philanthropic and other funds and make revolving as appropriate</b></p> <p><b>5D3.</b> Leverage existing Community Development Entity (CDE) relationships to access additional New Market Tax Credit (NMTC) financing</p> <p><b>5D4.</b> Investigate the use of FHLB system Community Investment Program (CIP) or Affordable Housing Program (AHP) set asides</p> <p><b>5D5.</b> Explore models and mechanisms that leverage Community Reinvestment Act (CRA) investments and contributions from philanthropy</p>	<p><b>5D6.</b> Consider developing a new local CDE specifically to focus on this opportunity</p> <p><b>5D7.</b> Develop a WA state New Market Tax Credit program that permits homeownership real estate development</p>

## FOCUS AREA 6: POLICIES AND PRACTICES

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>6A.</b> Enact zoning and regulatory reform policies that meaningfully increase supply and access to affordable entry-level and market-rate homes for first-time homebuyers</p>	<p><b>6A1.</b> Enact a robust state zoning reform bill that expands the ability of property owners to build certain housing types, like multiplex housing options in residential zones to increase choices with comprehensive tools that include ADU condos, fee simple ADUs for affordable homeownership. As part of any zoning bill, include financial and regulatory incentives through shared equity programs such the community land trust model, limited equity co-ops, etc.</p> <p><b>6A2.</b> At the local level, limit Design Review to allow for shorter time and more predictability and create a threshold for any design review at 20 units or more</p> <p><b>6A3.</b> At the state level, reform and reduce the maximum lot size of R6 (7200sf) in historically suburban communities</p> <p><b>6A4.</b> Encourage jurisdictions to work with impacted communities to co-create sensitive and tangible reparative measures as part of the major update to their Comprehensive Plans</p>	<p><b>6A5.</b> At the local level, eliminate side yard setbacks to incentivize the development of missing middle housing</p> <p><b>6A6.</b> Dramatically reduce or waive minimum lot sizes to allow for subdivision of lots for fee simple ownership of DADUs</p> <p><b>6A7.</b> Eliminate the prohibition on DADU condominium sales</p> <p><b>6A8.</b> Adopt fee simple townhomes code legislation at the local level</p>
<p><b>6B.</b> Substantially increase tools that capture land value through acquisition and assemblage to preserve affordability and stave off displacement</p>	<p><b>6B1.</b> Prioritize preserving multi-family residential housing to create condo and cooperative ownership opportunities</p> <p><b>6B2.</b> Enact Housing Benefit District legislation (HB 1128) giving authority to counties and cities to an HBD for affordable low- and middle-income housing projects and specify homeownership minimum threshold with AMI targets</p> <p><b>6B3.</b> Expand the use of tools such as affirmative marketing, disparities studies and community preference policy for subsidized ownership units</p>	

## FOCUS AREA 6: POLICIES AND PRACTICES (CONTINUED)

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>6C.</b> Coordinate efforts to address regulations and practices that unnecessarily impede development of, and prevent access to, homeownership opportunities</p>	<p><b>To increase/support buyers:</b></p> <p><b>6C1. Adopt an anti-displacement property tax exemption (PTE) which would apply to the state property tax levy and may exempt up to the first \$250,000 assessed value of qualified residential property</b></p> <p><b>6C2. Continue the stimulus and relief efforts for homeowners and buyers that began with the wake of the COVID-19 pandemic to advance foreclosure prevention strategies and better leverage existing programs such as the home repair loan and weatherization programs</b></p> <p><b>6C3. Adopt a State Tenants Opportunity to Purchase Act combined with financing and technical support</b></p> <p><b>To increase housing supply:</b></p> <p><b>6C4. At state and local level, streamline and enforce a time limit for the permitting process to address housing production obstructionism and to expedite homeownership creation permitting process/fees</b></p>	<p><b>6C5.</b> Support savings programs for tenants in publicly funded housing to increase moving to homeownership</p> <p><b>6C6.</b> Convene stakeholders to determine the legislative solution or adaptive practices to support condominium liability reform and increase supply of ownership condominium and cooperative housing</p> <p><b>6C7.</b> Reform parking minimum/requirements</p>
<p><b>6D.</b> Expand public grants that finance affordable home construction to create sustainable homeownership opportunities</p>	<p><b>6D1.* Remove the Housing Trust Fund and funding sources' award size cap and per home limits for affordable homeownership projects, in order to scale and increase the supply of income-appropriate permanently affordable homes</b></p> <p><b>6D2.* Increase funding for the State Housing Trust Fund at a historically high level and establish a permanent funding source for the HTF</b></p> <p><b>6D3.* Increase public subsidy at the local jurisdictional level to support the development of affordable homeownership</b></p> <p><b>6D4.* Increase funding support to build the capacity of nonprofit sector organizations to scale Black homeownership opportunities</b></p> <p><b>6D5.</b> At the federal level, restructure the Mortgage Interest Deduction as a tax credit to make it more accessible to low-income homeowners, including Black homeowners</p>	<p><b>6D6.</b> Modify federal funding sources and selection criteria for down payment assistance to accommodate high-cost markets</p> <p><b>6D7.</b> Ensure the inclusion of affordable homeownership in local new revenue</p> <p><b>6D8.</b> Explore the potential of a WA state Housing Choice Voucher program for BIPOC homeownership</p>

*\*Denotes a strategy that may also appear in another Focus Area*

## FOCUS AREA 7: SUSTAINING EXISTING OWNERS

Strategic Objectives	Strategies for the Next 1–2 Years	Longer-Term Strategies (Optional)
<p><b>7A.</b> Make comprehensive post-purchase education, counseling, and resources widely and readily available</p>	<p><b>7A1. Proactively reach out to Black homeowners and offer foreclosure prevention services and seek opportunities for outreach and marketing with utilities and public assistance as channels</b></p> <p><b>7A2. Ensure there is adequate funding for all facets of foreclosure prevention programs</b></p> <p><b>7A3.</b> Increase widespread awareness by lending and real estate professionals about post-purchase education opportunities and resources</p> <p><b>7A4.</b> Establish a continuous relationship between homebuyers and housing counselors that endures post-closing to ensure homeowners have a known, trusted source for advice and assistance during their homeownership tenure</p> <p><b>7A5.</b> Build relationships with loan officers and other operations staff, not just CRA officers; and partner with lenders to provide information to customers facing difficulties, by using a variety of media/channels to avert foreclosure</p>	
<p><b>7B.</b> Ensure programs and services are context-responsive and don't perpetuate or increase disparities</p>	<p><b>7B1. Whenever possible, intervene early before a challenge becomes an irredeemable crisis</b></p> <p><b>7B2. Lower barriers to assistance and, when necessary, modify program criteria</b></p> <p><b>7B3.</b> Provide program assistance (i.e., foreclosure, weatherization, owner-occupied repairs) that does not encumber properties- providing grants instead of loans and eliminate liens.</p> <p><b>7B4.</b> Remove counterproductive prohibitions to receiving assistance such as applicants having small cash savings/buffers</p> <p><b>7B5.</b> Remove fragmented program requirements so they can be universally applicable across geographies.</p>	<p><b>7B6.</b> Identify programs and partners that can support Black led agencies and Black owned businesses that provide services across the spectrum and ecosystem</p> <p><b>7B7.</b> Explore creation of a statewide program for homeowner assistance (i.e., foreclosure, weatherization, owner-occupied repairs)</p>

Practices from elsewhere yet to be evaluated for applicability:

- Explore the use of “Baby Bonds” and Child Savings Accounts (CSAs) as tools to help build wealth for future down payment
- Use learnings and incentives from the mortgage reserve accounts (MRAs) and Prosperity Now’s HomeReserve Initiative to help build financial resiliency
- Create a Micro Mortgage Pilot with underwriting parameters that enable owners to leverage home equity to improve a deteriorating home and increase its value
- Expand the cadre of community-based loan officers using programs similar to the “Community Home Lending Advisors” of JP Morgan Chase