FACT SHEET: U.S. Department of Housing and Urban Development Advances Equity and Opportunity for Black Americans Across the Country

U.S. Department of Housing and Urban Development (HUD) Secretary Marcia L. Fudge has worked to advance racial equity and ensure the promise of America for Black Americans and all communities across the country. HUD has taken steps to make homeownership more accessible, address discrimination, keep people in their homes and advance fair housing.

Making Homeownership More Accessible

Homeownership is a principal source of wealth creation for most American households. To date, Black Americans have been locked out of homeownership opportunities at an even higher rate than a decade ago. We recognize that Black Americans are more likely to carry student loan debt and have higher balances. Black Americans are also more likely to experience discrimination in the housing market. HUD has taken steps to improve access to home ownership for Black Americans.

- In February 2023, HUD, through the Federal Housing Administration (FHA), implemented major reductions to the annual premiums it charges homebuyers for mortgage insurance, making homeownership less costly for millions of Americans. The median home price in the United States as of the fourth quarter of 2022 was $467,700, meaning that HUD’s action would save a buyer at this price-point more than $1,400 a year. In total, this action will help Black low- and moderate-income Americans save an estimated $600 million in the next year alone, and many billions over the next decade. The nation’s homebuyers will see immediate savings through FHA’s mortgage insurance premium reductions, particularly Black people who often rely on FHA-insured mortgages to attain homeownership.
- In September 2022, to make it easier for first-time homebuyers to qualify for affordable FHA-insured mortgage financing, FHA implemented changes to its underwriting policies to permit lenders to use positive rental history as an additional factor in evaluating an applicant’s creditworthiness for an FHA-insured mortgage. This change makes FHA’s credit evaluation more comprehensive and equitable while also supporting expanded access to homeownership for first-time homebuyers transitioning from renting.
- In June 2022, HUD’s Office of Housing launched new online and telephonic search capabilities to significantly increase consumers’ ability to locate and seek assistance from more than 1,500 HUD-approved housing counseling agencies and the 4,000 HUD-certified housing counselors they employ. The tools are used by more than 3,000 consumers on average each day to obtain housing counseling assistance for topics that include homeownership, financial literacy and planning, rental housing, foreclosure avoidance and eviction prevention, reverse mortgages, and housing stability. The telephonic search capability offers translation services in more than 250 languages.
- In June 2021, FHA announced updates to its student loan monthly payment calculations to remove barriers and provide more access to affordable single-family FHA-insured mortgage financing for creditworthy individuals with student loan debt. The new policy more closely aligns FHA student loan debt calculation policies with other housing agencies by basing the monthly payment on the actual student loan payment, which is

often lower, and helps home buyers with student debt to meet minimum eligibility requirements for an FHA-insured mortgage.

Providing Historic Support for Historically Black Colleges and Universities (HBCUs)

HUD is engaging HBCUs to support regional economic development ecosystems to successfully serve and engage community leaders, leverage involvement of the private sector, and establish a strategic blueprint for regional collaboration to increase access to affordable housing.

- On March 28, 2023, HUD announced awards totaling $5.5 million for Historically Black Colleges and Universities (HBCUs) to Texas Southern University and North Carolina A&T University to either establish or bolster existing Centers of Excellence (COE) that conduct housing and community development research. Texas Southern University was awarded $3 million to expand the work of the Center of Excellence for Housing and Community Development Policy Research (CEHCDPR). North Carolina A&T University was awarded $2.5 million to establish a center with research that will focus on the production of affordable housing, homeownership, renewable energy, sustainable communities, and post-disaster recovery.
- In FY22, HUD's Office of Housing Counseling invested $3 million dollars to establish strong partnerships between housing counseling agencies and Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs). During the program's first year, HUD through 16 national and local housing counseling agencies, will provide comprehensive housing counseling services to over 40,000 college students, faculty, alumni, staff, and community residents at 50 HBCUs and MSIs with a focus on homeownership education, financial capability, pre-purchase housing counseling, and career development.
- In October 2022, HUD added new equity-focused requirements for all Notice of Funding Opportunities (NOFO) applicants. All applicants for HUD funding in FY23 are required to analyze the racial composition of the persons or households who are expected to benefit from the proposed grant activities; identify any potential barriers to persons or communities of color equitably benefiting from the proposed grant activities; detail steps to prevent, reduce, or eliminate the barriers; and implement measures to track progress and evaluate the effectiveness of their efforts to advance racial equity. Under the new requirements, HUD will also consider the extent to which applicants for funding have the experience and resources to effectively address the needs of underserved groups, particularly Black and Brown communities.

Advancing Fair Housing and Addressing Discrimination

Secretary Fudge has directed HUD to take proactive steps to fully enforce the Fair Housing Act and other civil rights laws to combat discrimination in housing, home mortgage lending, and appraisals.

- On January 19, 2023, the Department announced the imminent publication of a notice of proposed rulemaking entitled "Affirmatively Furthering Fair Housing." The proposed rule faithfully implements the promise of the Fair Housing Act's mandate to affirmatively further fair housing (AFFH), an obligation that requires recipients of HUD funds to take meaningful actions to overcome patterns of segregation, promote fair housing choice, and foster inclusive communities free from barriers. AFFH can be an effective tool in redressing our nation's history of discrimination against Black communities. This proposed rule would help HUD, 3,747 public housing authorities, and 1,200 state and local government grantees in the CDBG, HOME, and HOPWA programs fulfill their AFFH obligations under the Fair Housing Act.

- In 2021 the Biden-Harris Administration formed the PAVE Task Force, a first-of-its-kind interagency initiative, co-chaired by Secretary Fudge and Director of the Domestic Policy Council Susan Rice, to combat outdated and unacceptable racial bias in the housing market. Bias in home valuations limits the ability of Black and brown families to enjoy the financial returns associated with homeownership, thereby contributing to the already staggering racial wealth gap. For decades, bias in home valuations has limited the ability of Black and brown families to fully benefit from enjoying the financial returns of homeownership. The Task Force released the PAVE Action Plan, the most wide-ranging set of commitments ever announced to advance equity in the home appraisal process.
- During the Biden-Harris Administration, the PAVE Taskforce has:
    - Made the appraisal industry more accountable through a Mortgagee Letter (ML 21-27) to clarify that nondiscrimination requirements are applicable to appraisers and lenders, including the Fair Housing Act and antidiscrimination laws at the local, state, and federal levels.
    - Educated consumers about appraisal bias. PAVE launched a website in August 2021 to provide resources and tools for consumers at pave.hud.gov/gethelp.
    - Empowered consumers to act. Consumers who seek financing of a home are often unaware of their options when they receive a valuation that is lower than expected. In January 2023, HUD began the process to allow borrowers applying for FHA-insured loans to request a Reconsideration of Value (ROV) on a property if the initial valuation is lower because of suspected illegal bias.
    - Cultivated an appraiser profession that is well-trained and looks like the communities it serves.
    - Increased transparency and leveraged federal data to inform policy and improve enforcement.
- On December 7, 2021, HUD's Fair Housing and Equal Opportunity (FHEO) issued a policy statement about making way for lenders to resolve inequities in homeownership faced by people of color, Black people, and other underserved communities. Special Purpose Credit Programs are designed to assist those who have historically been locked out of homeownership opportunities, such as economically disadvantaged classes of persons and first-time homebuyers whose parents and grandparents may have been excluded from the housing and credit markets by discriminatory policies.
- On June 24, 2021, HUD's FHEO published a notice of proposed rulemaking that would restore the Department's Discriminatory Effects Standard and allow policies that unjustifiably exclude people from housing opportunities to be challenged. The discriminatory effects doctrine is a powerful tool for HUD and private plaintiffs to address policies that cause systemic inequality in housing. These include policies on

criminal records, zoning requirements, lending and property insurance policies that impact equal access to housing opportunities for Black people.

Protecting Black LGBTQ+ People from Housing Discrimination

Black LGBTQ+ people face significant barriers to housing, and Black LGBTQ+ youth face rates of homelessness double that of other populations. In addition, Black transgender people experience higher risks of job discrimination, poverty, and housing instability. Of an estimated 1.4 million people who identify as transgender in the U.S., 16%, or 256,000 people, are Black. HUD has taken action to tackle these issues and aid the Black LGBTQ+ community while recognizing the intersectionality experienced by residents.

- HUD's FHEO is administering and enforcing the Fair Housing Act to prohibit discrimination on the basis of sexual orientation and gender identity. HUD has also reaffirmed its commitment to the Equal Access Rule, which ensures that all individuals – regardless of sexual orientation or gender identity – have equal access to the Department's Office of Community Planning and Development (CPD) programs, shelters, facilities, benefits, services, and accommodations.

Economic Opportunity

Housing opportunity is inextricably tied to economic opportunity. HUD's Fair Housing and Equal Opportunity (FHEO) works to prevent discriminatory housing practices and policies against protected classes, including race, through the enforcement of the Fair Housing Act. In working to prevent housing discrimination affecting Black Americans, FHEO supports economic opportunities for Black Americans, as well. Some examples of FHEO's fair housing enforcement that helps Black Americans in this regard include combatting discrimination in appraisals, mortgage applications, and rentals.

- In its role as enforcer of the Fair Housing Act, FHEO investigates instances of race discrimination in gentrifying predominantly Black or Brown neighborhoods. FHEO also monitors HUD programs that are targeting investment to improve these communities to reduce the possibility of displacement of Black families.

###