

2021 NAHREP NATIONAL POLICY PRIORITIES

The National Association of Hispanic Real Estate Professionals' (NAHREP) 2021 policy priorities revolve around a common purpose: to advance sustainable Hispanic homeownership as a means to build wealth. As the largest Latino business organization in the country, with a network of over **40,000 members** and **100+ chapters**, NAHREP represents not only the real estate professionals at the point of sale driving up Hispanic homeownership rates, but also the growing number of prospective Hispanic homeowners who require adequate housing stock, affordable lending products, and fair immigration policies to continue to contribute to the U.S. economy through homeownership.

NAHREP firmly believes every individual who desires to become a homeowner and can sustain a mortgage should be granted access to a piece of the American Dream.



HOUSING INVENTORY



ACCESS TO CREDIT



IMMIGRATION



PANDEMIC RECOVERY



A LOOK AT NAHREP ADVOCACY IN 2020



HOUSING INVENTORY

While some states and localities began introducing legislation to address zoning reform, no sweeping legislation to address housing inventory, zoning reform or housing production was passed in 2020.



ACCESS TO CREDIT

NAHREP welcomed the CFPB's release of the final Qualified Mortgage (QM) rule in 2020 that moved away from only utilizing debt-to-income ratios to determine QM, in favor of a pricing model while doing away with Appendix Q (the part of the regulation that made it difficult for the self-employed to get loans). Unfortunately, that final rule is now being reconsidered.

Additionally, 2020 was a tough year for credit access as lenders issued additional credit requirements on top of existing underwriting standards.



IMMIGRATION

Not only did the U.S. fail to pass any immigration legislation or initiatives during 2020, but in response to the pandemic nearly all new immigrant visas were halted.

However, the Federal Housing Administration (FHA) announced in early January 2021 that DACA recipients would once again be eligible for FHA loans.



COVID RELIEF

NAHREP advocacy for COVID-19 relief took center stage in 2020 with some key wins:

- Paycheck Protection Program (PPP) inclusive of self-employed and non-W2 workers
- Emergency Rental Assistance to help struggling renters and landlords
- Forbearance options for existing homeowners
- Real estate deemed essential through shutdowns

1. CHAMPION HOUSING PRODUCTION- ADDRESS THE NATIONAL HOUSING INVENTORY CRISIS

BACKGROUND

The number one barrier to advancing sustainable Hispanic homeownership continues to be the lack of affordable homes for sale, with housing inventory reaching new lows in 2020. Homeowner vacancy rates dropped for the 7th consecutive year to a new record low, and the median listing prices are up by 7.2 percent nationally. Steep pricing and competition among multiple buyers are making homeownership out of reach for many would-be Latino first-time homeowners. Today, there are nearly 8.3 million Latinos who are not homeowners with the credit characteristics to qualify for a mortgage, but the lack of affordable housing inventory remains an overwhelming hurdle.

OVERALL STRATEGY

Champion national and local policies that increase the production of more homes for sale.

FEDERAL STRATEGY

HOUSING IS INFRASTRUCTURE

- Pass The American Jobs Plan and ensure that housing is included as a critical component of any national infrastructure package.

TACKLE THE NATION'S CONSTRUCTION LABOR SHORTAGE

- Pass Comprehensive Immigration Reform (CIR) with the recognition that the current labor shortage in the U.S. is stifling business growth, particularly in the housing industry. Urge for CIR to include a temporary visa category that allows employers to petition foreign workers to fill the labor shortage in the construction industry, and provide these workers with a path toward legalization.

REFORM LAND USE AND ZONING LAWS TO SPUR WORKFORCE HOUSING

- Tie federal transportation funds to how well cities incorporate inclusionary zoning policies, and ease land-use regulations that prohibit new residential construction.
- Require that transit-based development plans around employment hubs include the construction of multi-family condominium units or other high-density living housing construction.
- Grant tax breaks and density bonuses to developers who set aside affordable ownership housing for low- to moderate-income households.

PASS THE FOLLOWING FEDERAL BILLS THAT ADDRESS HOUSING INVENTORY:

- **Housing Supply and Affordability Act** to authorize a grant program for the development and implementation of housing supply and affordability plans.
- **The Neighborhood Investment Act** to allow federal tax credits for the purpose of neighborhood revitalization, and allow existing homeowners to stay in their homes.
- **Yes in My Backyard (YIMBY) Act** to encourage localities to advance policies that eliminate exclusionary zoning and artificial barriers to housing production.
- **Build More Housing Near Transit Act** to encourage coordination between transit agencies and local governments to align transportation investment with land use and zoning policy, enabling more housing in transit-served areas.

STATE AND LOCAL STRATEGY

CHAMPION STATEWIDE ZONING AND LAND-USE REFORM

- Incentivize building housing near existing job centers and public transportation.
- End apartment/condo bans within one-quarter mile of job centers and existing transit stops.
- Allow homeowners to convert an existing single-family structure into a same-size duplex, triplex, or fourplex.
- Permit small lot subdivisions in order to encourage development of detached townhomes that do not require being part of a homeowners' association.
- Provide tax breaks for new home construction and avoid subjecting housing approvals to discretionary processes.
- Rezone commercially zoned properties for housing and mix use.
- Lower the barriers for cities and municipalities to pass zoning reform and permit land use.
- Repurpose unused buildings for housing.

2. FOSTER A LENDING ENVIRONMENT CONDUCTIVE TO THE GROWING SHARE OF LATINO HOMEBUYERS

BACKGROUND

Over the next 20 years, 70 percent of all new homeowners will be Latino, carrying the weight of U.S. homeownership growth. In order to accommodate the future generation of Latino buyers, we must prioritize a lending environment that meets the needs of Latinos. Latinos have a median household income of \$55,658, purchase a home with a median down payment of 3.5 percent, and tend to have higher debt-to-income ratios than the general population. It is imperative that lending policies and programs take into consideration the profile of the Hispanic borrower in order to best serve the largest subset of the future housing market.

THE STRATEGY

Tackle federal policies that make lending more difficult and more expensive for Latino borrowers, and support policies that help first-time homebuyers qualify for a loan.

THE CFPB'S QUALIFIED MORTGAGE (QM) DEFINITION MUST EXPAND ACCESS TO CREDIT

- Last year, NAHREP joined a broad coalition of lenders, trade associations, and consumer and civil rights groups to present an alternative to the current determination of Qualified Mortgage. NAHREP urged the CFPB to move away from using debt-to-income ratio as the sole determinant of QM and instead to use a pricing limit (interest rates). The CFPB incorporated most of our proposal into its final rule last year. However, the CFPB is re-opening discussion on the rule, putting the policy at risk. NAHREP urges the adoption of the 2020 final rule, as we consider it to be a critical strategy toward achieving 50 percent Hispanic homeownership by 2024.

REVERSE THE CHANGES MADE TO THE PREFERRED STOCK PURCHASE AGREEMENTS

- The changes made in January 2021 to the Preferred Stock Purchase Agreements, which restrict both the volume of "high risk" loans Fannie and Freddie can purchase, as well as the volume of second homes and investor properties, will disproportionately impact Latino families. As Latinos are more likely to be in the "high risk loans" category than the general population, and are 25 percent more likely to own an investment property than non-Hispanic Whites, these changes are set to reduce the Latino community's ability to build wealth through investment property ownership.

DOWN PAYMENT ASSISTANCE FOR FIRST GENERATION HOMEBUYERS

- Pass the Downpayment Toward Equity Act of 2021 to create a \$20,000 down payment assistance (DPA) program geared toward first-generation, first-time homebuyers whose income is within 120 percent of the Area Median Income (AMI) or 180 percent in high cost markets, as defined by the Federal Housing Administration.

DEFEND THE PRINCIPLES OF THE COMMUNITY REINVESTMENT ACT (CRA)

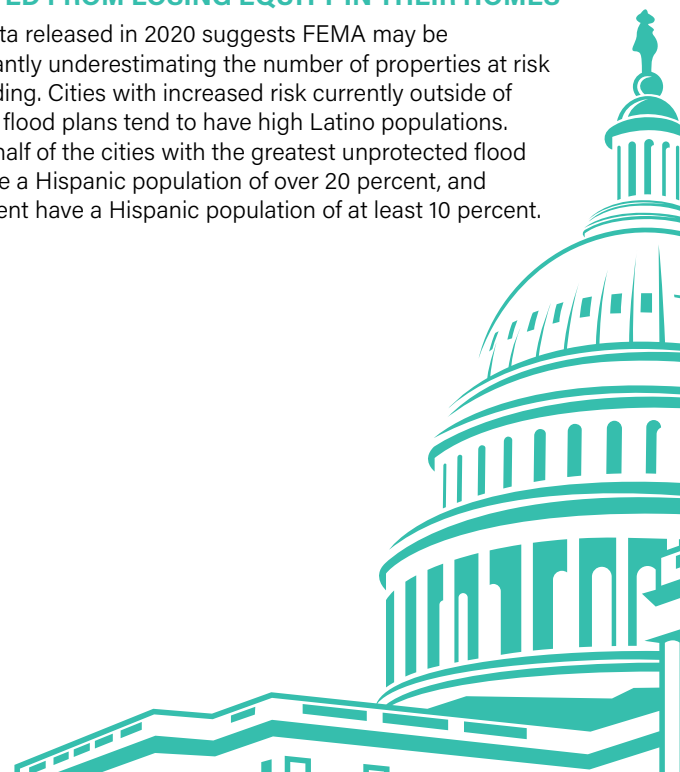
- Urge the Office of the Comptroller (OCC) and the Federal Deposit Insurance Corp (FDIC) to move away from issuing a single metric to determine CRA, particularly one that does not distinguish between homeownership, rentals, and commercial property. A reliance on a single ratio of CRA performance could disincentive lending to low- to moderate-income families and first-time homebuyers.

REDUCE OR ELIMINATE LOAN LEVEL PRICE ADJUSTMENTS

- Reduce or eliminate Loan Level Price Adjustments for loans that are covered by private mortgage insurance. LLPAs issue an undue burden on communities of color in a rising interest rate environment.

UPDATE FEMA 100-YEAR FLOOD PLAN MAPS TO ENSURE THAT LATINOS IN FLOOD-RISK AREAS ARE PROTECTED FROM LOSING EQUITY IN THEIR HOMES

- New data released in 2020 suggests FEMA may be significantly underestimating the number of properties at risk for flooding. Cities with increased risk currently outside of FEMA's flood plans tend to have high Latino populations. Nearly half of the cities with the greatest unprotected flood risk have a Hispanic population of over 20 percent, and 73 percent have a Hispanic population of at least 10 percent.



3. SECURE U.S. ECONOMIC GROWTH BY PASSING COMPREHENSIVE IMMIGRATION REFORM

BACKGROUND

Immigrants are at the core of America's economic engine, making up a significant portion of our labor force and contributing billions of dollars to the American economy every year. During the COVID-19 pandemic, millions of immigrants served as essential workers, keeping our nation's infrastructure operational, ensuring the continuous flow of our food supply, and fighting the Coronavirus head-on as front-line medical workers.

In the housing industry, immigrants play a critical role, making up 24 percent of the construction labor force. The professions where the labor shortage is most acute are comprised primarily of immigrants. The U.S. Bureau of Labor Statistics projects the national labor force participation rate will continue to decline over the next decade as the U.S. labor force ages. The immigrant labor force supply is what keeps our workforce solvent. In order to ensure continued economic growth, we will need more immigration, not less.

THE STRATEGY

Focus on passing the following federal legislation that provide a path to citizenship for undocumented workers, Temporary Protected Status (TPS) holders and Deferred Action for Childhood Arrivals (DACA).

PASS U.S. CITIZENSHIP ACT OF 2021

- Pass U.S. Citizenship Act of 2021 in order to provide temporary legal status and a path to citizenship for the 11 million undocumented workers currently living in the U.S., and provide DREAMers, TPS holders, and immigrant farmworkers permanent residency. Passing this legislation would not only address the construction labor shortage, but would also benefit all workers by increasing productivity, creating new jobs, raising workers' wages, and reducing the deficit.

PASS AMERICAN DREAM AND PROMISE ACT

- On March 18th, 2021, the House of Representatives passed the American Dream and Promise Act in a bipartisan fashion. We urge the Senate to pass its companion bill. Passing this legislation would immediately protect the more than 300,000 essential workers that are either DACA recipients or TPS holders who have ensured the health and function of our country throughout the pandemic.

4. ENSURE EQUITABLE RECOVERY FROM PANDEMIC. FROM SURVIVING TO THRIVING

BACKGROUND

Latinos have been disproportionately hit by the pandemic. Latinos were more than twice as likely as their non-Hispanic White counterparts to be laid off from their jobs and less likely to be able to work from home. Latinos were three times more likely to contract COVID-19, and six more likely to die from COVID among those under the age of 55. At the same time, Latinos were less likely to have health insurance and more likely to be employed in industry sectors considered essential.

As Latinos are projected to account for the majority of home-ownership and labor force growth over the next two decades, the future of the American economy will be intricately tied to the economic success of Latino families. It is therefore essential that Latinos receive the support needed to go from surviving to thriving.

THE STRATEGY

Ensure that Latinos receive the support necessary to get back on their feet quickly so that they can continue contributing to the nation's economic revitalization.

ACTIVELY PARTICIPATE IN DISCUSSIONS AND ACTIONS TO ENSURE THE FOLLOWING:

- Protect existing homeowners by ensuring a smooth transition out of forbearance in order to prevent an avalanche of foreclosures.
- Ensure equitable distribution of the Emergency Rental Assistance Program in order to protect both small landlords and renters.
- Continue to support Latino small businesses and self-employed borrowers to prevent any further business closures.