

# 2022 NAHREP NATIONAL POLICY PRIORITIES

The National Association of Hispanic Real Estate Professionals (NAHREP) 2022 Policy Priorities are all intended to advance sustainable Hispanic homeownership. As the largest Latino business organization in the country, with a network of over **40,000 real estate professionals** and **100+ local chapters**, NAHREP represents not only the professionals at the point of sale driving up Hispanic homeownership rates, but also the growing number of prospective Hispanic homeowners that require an adequate supply of housing stock, affordable lending products, and sensible immigration policies that help stimulate our economy.

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. To that end, we are focused on three main priorities:



**HOUSING INVENTORY**



**ACCESS TO CREDIT**



**IMMIGRATION**



# A LOOK AT NAHREP ADVOCACY IN 2021



## HOUSING INVENTORY

**Federal:** NAHREP worked with a coalition of housing stakeholders to secure the inclusion in the Build Back Better (BBB) legislative package of over 60 billion, to increase or improve the nation's housing supply. However, the package has thus far failed to become law.

**California:** The NAHREP California Delegation spent 3 years advocating for key housing supply bills in the California state legislature aimed at addressing California's worsening housing inventory crisis. In part as a result of this effort, in September of 2021, California signed into law a series of bills aimed to increase housing density in the state, most notably the California Housing Opportunity and More Efficiency ("HOME") Act, which allows building up to fourplexes in areas that previously would have allowed only one home.

**North Carolina:** In June 2021, the NAHREP Charlotte Chapter in North Carolina helped secure passage of the Charlotte 2040 Comprehensive Plan, one of the most aggressive city plans in the country seeking to close the housing gap. The plan will help provide higher density by improving zoning laws and access to essential goods within a short walk, bike, or transit ride. The NAHREP Charlotte Chapter was a pivotal supporter and leader in passing this initiative.



## ACCESS TO CREDIT

**Qualified Mortgage (QM) Rule:** The new General QM rule has now gone into effect, locking in a regime that will provide a more inclusive evaluation of borrowers than would have been permitted under the prior regime. NAHREP led advocacy efforts on this, securing a major win for advancing sustainable Hispanic homeownership.

**Preferred Stock Purchase Agreement:** In September of 2021, the U.S. Treasury and Federal Housing Finance Agency (FHFA) suspended changes made to the Preferred Stock Purchase Agreement earlier that year. This was a key policy priority for NAHREP last year as the changes limited the loans made to borrowers considered "higher-risk" and investment property owners. By suspending these changes, the agencies increased access to credit, a foundational pillar of our advocacy.

**Down Payment Assistance for First-Generation Homebuyers:** NAHREP and advocacy partners secured inclusion in the Build Back Better legislative package, a program that would provide down payment assistance and wealth-building mortgages for first-generation homebuyers. However, the package has thus far failed to become law.



## IMMIGRATION

**Legal residency provisions in BBB:** While NAHREP worked with partner advocates to secure inclusion in the Build Back Better legislative package a provision that would have granted legal residency status for 8 million immigrants with either DACA or Temporary Protected Status (TPS), and/or are essential workers. However, the Congressional Parliamentarian ruled against including this provision in a reconciliation bill.

# 1. BUILD MORE HOMES FOR HOMEOWNERSHIP: ADDRESS NATIONAL HOUSING INVENTORY AND AFFORDABILITY CRISIS

## BACKGROUND

No issue impacts access to homeownership for Latinos more than the low supply of housing available for sale. A decade-long shortfall in annual production of new housing has left the nation with somewhere between 2-4 million fewer units of housing than is needed. As a result, the nation has fewer homes for rent or purchase than at any time in four decades, a shortfall that has led to a dramatic rise in rent and home prices, particularly among entry-level homes.

Today, restrictive zoning, the rising cost of materials, and labor shortages all exacerbate the cost and difficulty of building homes, particularly at the “starter-home” price point. While the housing inventory shortage is now a widespread phenomenon throughout the United States, the most severe rates of housing underproduction are occurring in areas with the highest Latino concentrations.

## OVERALL STRATEGY

Champion national and local policies that stimulate the production of new homes by bringing down building costs, easing zoning restrictions, relieving barriers to building new homes, and including incentives for building owner-occupied units.

## FEDERAL STRATEGY

### 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. Create 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 THAT STIFLE HOUSING DEVELOPMENT

- Tie federal transportation funds to a city’s or municipality’s performance in devising a comprehensive housing production plan, easing restrictive zoning policies and land-use regulations that prohibit new residential construction.
- Require that transit-based development plans around employment hubs include the construction of multifamily condominium units, townhomes, or other high-density housing developments.
- Grant tax breaks and density bonuses to developers who set aside affordable ownership housing for low- to moderate-income households.

### ESTABLISH A WHITE HOUSE WORKING GROUP ON HOUSING PRODUCTION

- Currently, there is no single person within the Administration that is tasked with solving our housing inventory crisis. As housing supply is complex and multifaceted, ranging from trade policy to immigration, transportation, intergovernmental affairs, and more, it must be coordinated from within the White House. We urge the Biden Administration to create an internal working group led by a Senior White House official to come up with a comprehensive plan to execute a coordinated strategy aimed at solving the housing supply crisis.

## ADAPTIVE REUSE, REPURPOSING COMMERCIAL BUILDINGS FOR HOUSING PURPOSES

- Conduct a comprehensive assessment of commercial buildings, such as shopping malls, strip malls, or other buildings that are not being utilized to their full potential, particularly in areas with the most severe housing shortages. Use federal programs and tax incentives to incentivize adaptive reuse of these properties for housing purposes that include units for homeownership.

## BUILDING MATERIALS MUST BE PRIORITIZED IN TRADE NEGOTIATIONS

- The rising costs of building materials make building entry-level housing, cost-prohibitive for builders. Trade negotiations must prioritize the need to bring down the cost of lumber, steel, and other key construction materials.

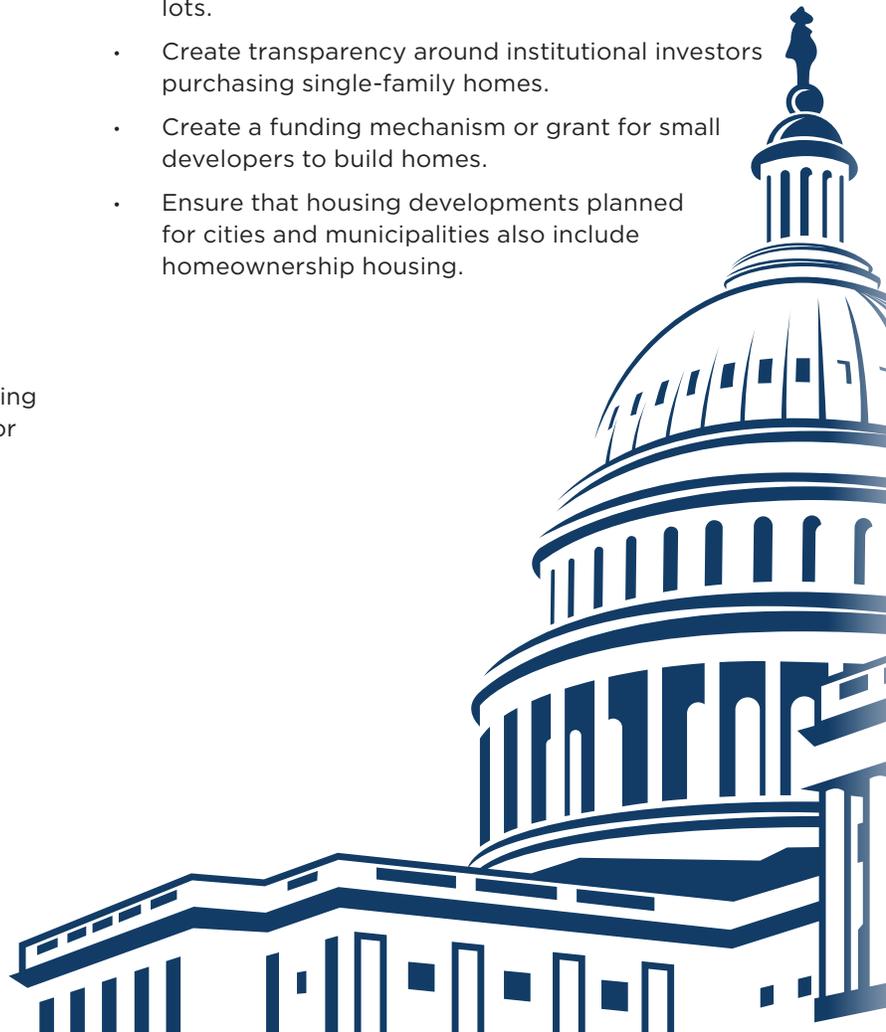
## PASS THE FOLLOWING FEDERAL BILLS THAT ADDRESS HOUSING INVENTORY:

- **Housing Supply and Affordability Act** to authorize a grant program for the development and implementation of housing supply and affordability plans.
- **The Neighborhood Homes Investment Act** to allow federal tax credits for neighborhood revitalization including new construction.
- **Yes in My Backyard (YIMBY) Act** to encourage localities to advance policies that eliminate exclusionary zoning and artificial barriers to housing production.
- **Better Planning and Land-Use for Accessible Neighborhoods (PLAN) Act** to include housing considerations in transportation planning.
- **Increase funding for HOME Investment Partnerships Program** that fund activities including building, buying, and/or rehabilitating housing for rent or homeownership.

## STATE AND LOCAL STRATEGY

### CHAMPION STATEWIDE AND LOCAL STRATEGIES, SUCH AS:

- Zoning reform to allow for more density, including the building of condos and townhomes.
- Rezone commercially zoned properties or repurpose unused buildings for housing and mix-use.
- End apartment/condo bans within one-quarter mile of job centers and existing transit stops.
- Incentivize building housing near existing job centers and public transportation.
- Streamline and lower barriers for housing developments and permit approvals.
- Allow homeowners to convert an existing single-family structure into a duplex, triplex, or fourplex.
- Permit small lot subdivisions to encourage the 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.
- Legalize accessory dwelling units, finished basements, efficiencies, or in-law suites in existing lots.
- Create transparency around institutional investors purchasing single-family homes.
- Create a funding mechanism or grant for small developers to build homes.
- Ensure that housing developments planned for cities and municipalities also include homeownership housing.



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

### BACKGROUND

The middle class has relied on homeownership to build wealth through generations. Not surprisingly, owners have significantly more wealth than renters. As homeownership is the number one strategy Latinos use to build wealth, targeted strategies around bridging the homeownership gap are essential to bridging the ethnic and racial wealth gap.

As such, Latinos overwhelmingly purchase their first home utilizing low down payment lending products, such as those insured by the Federal Housing Administration (FHA). However, through the heightened housing shortage crisis, individuals seeking to purchase their first home are competing against cash offers, buyers offering large down payments, and institutional investors.

Nearly half (44 percent) of real estate agents/brokers who participated in NAHREP's 2021 Top Real Estate Practitioners Study reported that they worked to convert their FHA borrowers to conventional loans in order to give these buyers a better shot at competing in today's impacted housing market. However, Latinos are 81 percent more likely to be denied financing for a conventional loan than their non-Hispanic counterparts.<sup>1</sup> As Latinos are predicted to account for 70 percent of homeownership growth over the next 20 years, primarily because of age and growth in household formations, a lending environment must exist that is conducive to expanding access to homeownership. A failure to do so could result in a steep decline in the overall homeownership rate and have a devastating impact on the nation's GDP and economic well-being.

### THE STRATEGY

Work with the White House, Administration, and Congress to foster a lending environment that is conducive to first-generation, first-time homebuyers who do not rely on generational wealth, to fairly compete in today's market.

### DOWN PAYMENT ASSISTANCE FOR FIRST-GENERATION HOME BUYERS

- Pass the Down payment Toward Equity Act of 2021 to create a \$20,000 down payment assistance (DPA) program geared toward first-generation, first-time homebuyers.

### EQUITY ACCELERATOR PROGRAM FOR FIRST-GENERATION HOME BUYERS

- Pass the Low-income First Time Homebuyer (LIFT) Act of 2021 which would create a program through the Department of Housing and Urban Development (HUD) that would sponsor low fixed-rate 20-year mortgages to accelerate equity building.

### DEFEND THE PRINCIPLES OF THE COMMUNITY REINVESTMENT ACT (CRA)

- As federal regulators unveil new rules for implementation of the Community Reinvestment Act (CRA), we urge regulators to make CRA exams more rigorous, expand data collection and improve communication around merger reviews.

### REDUCE OR ELIMINATE LOAN-LEVEL PRICE ADJUSTERS

- Loan-Level Price Adjusters (LLPAs) create undue burdens on communities of color, particularly in a rising interest rate environment. For loans already covered by private mortgage insurance, LLPAs should be eliminated.

### AFFORDABLE HOUSING GOALS

- Work with the Federal Housing Finance Agency (FHFA) to ensure the Government Sponsored Enterprises (GSE) serve low- to moderate-wealth borrowers, that FHFA fully funds programs that serve underserved communities such as the Housing Trust Fund and the Capital Magnet Fund, and sets clear goals and strategies for how to meet those commitments.

### FHA FLIPPING RULE

- Ease restrictions around the FHA flipping rule which prevents buyers from accessing an FHA loan to purchase a home that was previously sold within the past 90 days. Individuals that only qualify for FHA loans already have a difficult time accessing homeownership, this rule further restricts homes that are available to FHA borrowers, exacerbating housing inventory challenges.

<sup>1</sup> Calculations made using Home Mortgage Disclosure Act (HMDA) data for home purchases in 2020 in HMDA Vision®.

### 3. IMMIGRATION AS AN ECONOMIC POLICY ISSUE: SOLVE CONSTRUCTION LABOR SUPPLY THROUGH IMMIGRATION REFORM

#### BACKGROUND

Immigrants have historically been the bedrock of our economy. The recent decline in immigrant workers, and consequently, our labor force, has impacted the socio-economic wellbeing of our communities — and in particular, the housing market, a key driver in stimulating economic growth. Restrictive immigration policies have decreased authorized immigration in recent years and as a result, shrunk an already decreasing labor force.

Restoring the foreign-born workforce would address the construction labor supply shortage, a major cost driver to homebuilding. Immigrants represent 25.4 percent of the construction labor force, a higher share than in any other industry. 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.<sup>2</sup> The immigrant labor force supply is what keeps our workforce solvent. To ensure continued economic growth, we will need more immigration, not less.

#### THE STRATEGY

Work with the White House, Administration, and Congress to foster a lending environment that is conducive to first-generation, first-time homebuyers who do not rely on generational wealth, to fairly compete in today's market.

#### THE AMERICAN DREAM AND PROMISE ACT

- Urge the Senate to pass the American Dream and Promise Act which passed the House of Representatives on March 18, 2021. The American Dream and Promise Act would protect Dreamers and Temporary Protected Status (TPS) holders from deportation and provide a pathway to permanent residency. The Act would apply to 4.4 million foreign-born individuals.<sup>3</sup> Further, the legislation would generate 285,400 new jobs and a cumulative total of \$799 billion in GDP growth over 10 years.<sup>4</sup>

#### THE U.S. CITIZENSHIP ACT OF 2021

- Pass the U.S. Citizenship Act of 2021 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 not only boosts our labor force and addresses the construction labor shortage, but passing legislation that streamlines visa processing and a pathway to citizenship for undocumented workers also generates robust economic growth.

<sup>2</sup> Dubina, K., et al. (2021, October). Bureau of Labor Statistics, Monthly Labor Review. Projection overview and highlights, 2020 – 30. Retrieved from <https://www.bls.gov/emp/publications/projections-overview.htm>.

<sup>3</sup> Migration Policy Institute. (2021, March). American Dream and Promise Act of 2021: Who is Potentially Eligible? Retrieved from <https://www.migrationpolicy.org/content/american-dream-and-promise-act-2021-eligibility>

<sup>4</sup> Center for American Progress. (2021). Citizenship for Undocumented Immigrants Would Boost U.S. Economic Growth. Retrieved from [https://americanprogress.org/wp-content/uploads/2021/06/EconImmigration-scenario3.pdf?\\_ga=2.81390096.608353247.1646276494-2001502985.1642396184](https://americanprogress.org/wp-content/uploads/2021/06/EconImmigration-scenario3.pdf?_ga=2.81390096.608353247.1646276494-2001502985.1642396184).