

United States Congress – House of Representatives  
House Financial Services Committee's  
Oversight and Investigations Sub-committee

September 4, 2019

**“Examining Discrimination and other Barriers to Consumer Credit,  
Homeownership and Financial Inclusion in Texas”**

Testimony – Belinda Everette, NAACP – Houston  
Chair, Housing Advocacy

A pivotal component in the challenge to increase African American homeownership has been and continues to be access to credit, specifically residential home mortgages. Homeownership is the most significant factor contributing to the disparate gap in wealth between whites and minorities. A study by Brandies University reveals that **years** of homeownership, not just homeownership is the driving force at the core of the gap.

Housing, lending and insurance markets have served as the bastions of overt discrimination through residential segregation. The dual credit markets in the United States make it easy for mainstream lenders to ignore and avoid minority and LMI communities, but provide easy access for ‘Pay Day’ loan stores, pawn shops and hard money lenders with their specialized products designed to drain the life’s blood from many communities of color.

Drive through many of Houston’s historic minority communities and see a plethora of fast-money resources with high interest rates and easy payroll deduction repayment structures. Most pay day lenders enjoy 400% interest on loan amounts from \$50.00 to \$500.00. This is the level of credit that is readily available to Houston’s minority population.

Since 2007 African-American homeownership has experienced the most dramatic decline of any racial or ethnic group. African-American home ownership declined 5% in the past 10 years while Caucasian, Asian, and Hispanic home ownership declined only 1%. Researching the most recent published HMDA data for the Houston-Woodlands-Sugar Land MSA, these numbers are supported by an alarming on-going trend in mortgage origination:

**Black or African Americans:**

# of Application	\$ (000)	Closed Loans	% Approved
4985	1,123,665,000	2921	58%

**Hispanic Americans:**

# of Application	\$ (000)	Closed Loans	% Approved
13,045	2,269,991,000	7,058	54%

**White or Caucasian Americans**

# of Application	\$ (000)	Closed Loans	% Approved
52, 346	13,476,172,000	37,284	71%

These statistics reveal a systemic and pervasive discriminatory system at work. According to the City of Houston, the demographic makeup of the Houston MSA is:

- 25% White or Caucasian American
- 22% Black or African American
- 45% Hispanic American
- 7% Asian American
- 1% Other / Mixed Race

**Whites are provided home ownership opportunities 10 times that of African Americans and 4 times that of Hispanic Americans.**

One of the most important steps in stabilizing and expanding sustainable homeownership within minority communities is to expand access to credit availability. We also need a greater focus on consumer education and housing education related to building credit and using low down payment and down payment assistance programs. More than 70% of all adults are unaware that down payment assistance exists and that 87% of all homes sold qualify for down payment assistance.

While nationally the African American homeownership rate peaked at 45% during the first six years of our new millennium it is currently 42%; in Houston that number is only 38%.

In celebration of our 100<sup>th</sup> Anniversary in 2018, the NAACP Houston Branch developed and introduced the “Homes for Houston” home buyer education program to address the rapid decline in minority home ownership in the city.

The “Homes for Houston” home buyer education program took a comprehensive approach to educating consumers on every aspect of the home acquisition process. From learning financial and credit management to understanding sales contracts, appraisals and title work. This curriculum provides a common sense, comprehensive education for consumers. Additionally, the seven module course, includes a detailed module on down payment assistance programs.

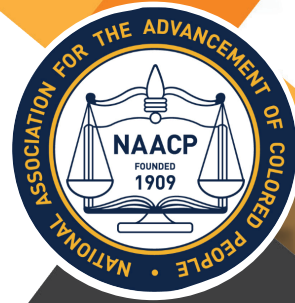
In its inaugural year (2018), over 230 people completed the course with 22 new home owners netting \$3.8 Million in new loans in the first six months. By year end a pipeline of an additional 51 people were in process for a total of \$12.3 million in new mortgages. We anticipate to double participation and mortgage production in 2019 based on current run rates and the growing popularity of the program. Education and access to resources are key.

Likewise, partnership and alliances with the financial services community is a driving factor to the success of our program. Meeting people where they are and providing true investment in the community by investing in its people is the solution to increasing and sustaining minority home ownership. .

Attachments:

NAACP Houston Branch Home Buyer Education Program Summary  
2016 HMDA reporting for Houston-Woodlands-Sugarland MSA

# HOMES *for* HOUSTON



## PROGRAM SUMMARY

The NAACP Houston Branch, "Homes for Houston" initiative is a strategic partnership with banking, real estate and municipal community organizations as a three-tiered approach to building and sustaining growth and development in targeted Houston communities.

In its inaugural introduction, the 2018 Centennial Year, of the NAACP, Houston Branch, the program was launched under the banner of "Homes for Christmas."

To commemorate the 100 years of service in the City of Houston, the program was introduced with a goal of increasing minority home ownership with 100 new home owners by Christmas Day. The continuation of the program in 2019 was introduced under the title "Homes for Houston."

This initiative provides education and resource access for individuals in the three comprehensive segments below:

## COMMUNITY EDUCATION



Provide seven module home buyer education program, facilitate HUD-approved home buyer counseling and financial literacy programs targeting credit and income management, home ownership and generational wealth development.

### EDUCATION:

#### Preparation for Home Acquisition:

A seven module curriculum with detailed, collaborative tools to provide a comprehensive, actionable plan to prepare for homeownership.

1. The Basics – Rent vs. Own
2. What it takes to be a Home Owner
3. The Mortgage Process
4. Real Estate, REALTORS®, Contracts and the Property Search
5. Down Payment Assistance
6. Getting Started
7. The Team – Financial, Real Estate and You

### CONTACT INFORMATION:

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# HOMES *for* HOUSTON

## COMMUNITY RETENTION

Work within at-risk markets within the Houston MSA to provide education and access to resources to maintain existing home ownership and community stability. Recognize and address fair housing opportunity.

### RETENTION:

Provide information and access to resources that will sustain vital growth in all communities, through property maintenance, improvement and foundational wealth.

Through "Homes for Houston," the NAACP will further the education of responsible home ownership. With education and resources, existing communities protect property values and learn market practices to establish values and price points for homes in the community.

- Value of home ownership
- When it makes sense to 'Stay' rather than 'Sell'
- County and Municipal resource management
- Workshops
- 'Know Your Value' and your community's

## SUMMARY

In recognition and celebration of the centennial year (1918-2018) of service in the city of Houston, the NAACP, Houston Branch launched the "Homes for Christmas" initiative with the goal of increasing and sustaining home ownership in minority communities by 100 families and/or individuals. Our motto "from class to keys" provides a collaborative partnership to ensure the participants have a clear path from class to home-ownership with weekly and monthly targets and goals. We partner with each participant to ensure the dream of home ownership is realized.

In 2018, the inaugural year of the program, Homes for Houston program results were: two hundred and thirty seven (237) participants completed the program, receiving their home ownership education certification. From the certified participants, twenty-two (22) new home owners (closed and in their homes) and a pipeline of fifty-one (51) new homeowners to close in 2019.

Through new home ownership, retention of existing home owners and community investment from our financial partners and the real estate community, the NAACP Houston Branch will continue its efforts to bring more families – 'Home for Houston!'

## COMMUNITY INVESTMENT

Develop partnership and opportunity between real estate community, developers, and financial service providers through workshops, services and education.

### INVESTMENT:

Facilitate relationship development between residents and the real estate community, developers, financial services providers to source and identify viable options to stabilize, sustain and grow desired communities. Provide investment education, wealth transition and foundational tools to protect, preserve and stabilize community development and opportunity.



### CONTACT INFORMATION:

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MSA/MD: 26420 - HOUSTON-THE WOODLANDS-SUGAR LAND, TX

RACE AND GENDER 5/ 18/ 19/	Applications Received 20/		Loans Originated		Apps. Approved But Not Accepted		Applications Denied		Applications Withdrawn		Files Closed For Incompleteness	
	Number	\$000's	Number	\$000's	Number	\$000's	Number	\$000's	Number	\$000's	Number	\$000's
AMERICAN INDIAN/ALASKA NATIVE (TOTAL)	302	64485	162	42485	11	2676	65	9036	46	8739	18	1549
MALE	129	28853	69	20301	4	468	27	3864	16	3034	13	1186
FEMALE	80	12860	37	6991	3	950	19	1506	19	3264	2	149
JOINT (MALE/FEMALE)	84	20357	52	14484	3	345	18	3608	9	1803	2	117
ASIAN (TOTAL)	10977	2962841	7574	2024672	477	135985	1090	281579	1457	407783	379	112822
MALE	4921	1293197	3355	877242	219	59220	485	123698	676	177550	186	55487
FEMALE	2150	478142	1473	324621	89	22504	234	50252	291	66549	63	14216
JOINT (MALE/FEMALE)	3876	1182189	2727	817102	168	54168	368	106723	484	162077	129	42119
BLACK OR AFRICAN AMERICAN (TOTAL)	4985	1136652	2921	698715	216	51255	910	180711	686	165293	252	40678
MALE	1815	416193	1065	249358	82	18840	330	69709	241	60202	97	18084
FEMALE	1874	375007	1068	230286	82	16226	356	57151	287	60305	81	11039
JOINT (MALE/FEMALE)	1271	341317	782	217488	52	16189	212	52079	157	44469	68	11092
NATIVE HAWAIIAN/OTHER PACIFIC ISLND (TOTAL)	218	49493	150	32244	7	2605	29	6847	29	7276	3	521
MALE	89	21571	68	14282	3	1778	8	2118	9	3165	1	228
FEMALE	66	14350	44	9473	1	24	13	3167	8	1686		
JOINT (MALE/FEMALE)	63	13572	38	8489	3	803	8	1562	12	2425	2	293
WHITE (TOTAL)	52356	13476172	37284	9913392	1868	530107	5285	1081396	6392	1686216	1527	265061
MALE	20163	5040041	14130	3663081	742	208076	2209	441785	2428	619022	654	108077
FEMALE	9605	1922771	6560	1383933	310	62467	1191	189029	1243	250474	301	36868
JOINT (MALE/FEMALE)	22464	6484642	16537	4849419	815	259417	1851	446844	2704	809806	557	119156
2 OR MORE MINORITY RACES (TOTAL)	62	13795	34	7801	2	197	4	846	17	4306	5	645
MALE	26	5589	13	2819			1	225	8	2100	4	445
FEMALE	17	3671	8	1704	1	40	1	207	7	1720		
JOINT (MALE/FEMALE)	18	4196	12	2939	1	157	2	414	2	486	1	200
JOINT (WHITE/MINORITY RACE) (TOTAL)	1513	547698	1082	327938	70	18757	127	129301	191	62902	43	8800
MALE	49	15449	39	13227	2	348	4	1191	4	683		
FEMALE	13	3082	9	2609	2	214			1	158	1	101
JOINT (MALE/FEMALE)	1444	528050	1034	312102	65	18149	121	127970	182	61130	42	8699
RACE NOT AVAILABLE (TOTAL) 6/	12561	3181940	7120	1980306	526	171509	2395	470938	1610	439065	910	120122
MALE	2403	439703	1030	245015	74	15776	717	75343	285	74231	297	29338
FEMALE	990	158304	440	90363	28	6218	276	24096	144	29859	102	7768
JOINT (MALE/FEMALE)	2063	524381	1120	324530	64	31262	415	60624	267	81837	197	26128

MSA/MD: 26420 - HOUSTON-THE WOODLANDS-SUGAR LAND, TX

ETHNICITY, GENDER AND INCOME 7/ 18/ 19/	Applications Received 20/		Loans Originated		Apps. Approved But Not Accepted		Applications Denied		Applications Withdrawn		Files Closed For Incompleteness	
	Number	\$000's	Number	\$000's	Number	\$000's	Number	\$000's	Number	\$000's	Number	\$000's
HISPANIC OR LATINO (TOTAL)	13045	2269991	7508	1491048	445	86269	2692	315969	1494	296385	906	80320
MALE	6590	1146492	3811	753001	212	41097	1360	157569	750	152279	457	42546
FEMALE	2737	415792	1528	266386	93	14132	602	65476	339	55919	175	13879
JOINT (MALE/FEMALE)	3629	698067	2149	467844	140	31040	690	89618	397	86873	253	22692
NOT HISPANIC OR LATINO (TOTAL)	56415	15448847	40363	11121630	2125	629318	5249	1356581	7168	1988473	1510	352845
MALE	21340	5728846	15065	4100126	848	247427	2112	512455	2661	716936	654	151902
FEMALE	11168	2389724	7659	1687630	386	86812	1297	239231	1524	326434	302	49617
JOINT (MALE/FEMALE)	23766	7290414	17581	5314608	891	295079	1809	596855	2943	934256	542	149616
JOINT (HISPANIC OR LATINO/ NOT HISPANIC OR LATINO) (TOTAL)	2245	634614	1617	470002	75	22538	236	57475	261	74590	56	10009
MALE	77	19326	49	14204	2	257	10	1227	16	3638		
FEMALE	38	9422	28	6673	1	200	4	646	5	1903		
JOINT (MALE/FEMALE)	2127	605153	1540	449125	72	22081	221	55386	238	68552	56	10009
ETHNICITY NOT AVAILABLE (TOTAL) 6/	11269	3079624	6839	1944873	532	174966	1728	430629	1505	422132	665	107024
MALE	1588	365932	844	217994	64	15725	299	46682	240	67134	141	18397
FEMALE	852	153249	424	89291	36	7499	187	20055	132	29759	73	6645
JOINT (MALE/FEMALE)	1761	505070	1032	314976	68	32290	275	57965	239	74352	147	25487
MINORITY STATUS 8/ 18/ 19/												
WHITE NON-HISPANIC (TOTAL)	38974	10748487	28715	8032161	1368	418332	3221	766633	4799	1339949	871	191412
MALE	14445	3950792	10494	2916484	541	166180	1312	318171	1729	473908	369	76049
FEMALE	7114	1518995	5067	1118109	215	47815	730	131867	931	195996	171	25208
JOINT (MALE/FEMALE)	17354	5261685	13123	3986598	612	204337	1166	314911	2127	666047	326	89792
OTHERS, INCLUDING HISPANIC (TOTAL)	32668	7531227	20615	4990916	1280	315255	5045	966710	4088	1005662	1640	252684
MALE	13516	2910882	8365	1922165	519	120773	2193	355166	1691	395814	748	116964
FEMALE	6879	1298325	4142	839665	271	54190	1207	176471	938	188664	321	39335
JOINT (MALE/FEMALE)	12111	3294681	8058	2216931	487	139240	1587	428733	1437	416155	542	93622
INCOME OF APPLICANTS 9/												
LESS THAN 50% OF MSA/MD MEDIAN	3450	293620	1164	107881	107	7806	1563	132272	265	28374	351	17287
50-79% OF MSA/MD MEDIAN	9224	1110377	5188	669411	256	30046	1983	210907	1057	143189	740	56824
80-99% OF MSA/MD MEDIAN	6766	1057829	4380	715368	223	32401	994	140623	810	130919	359	38518
100-119% OF MSA/MD MEDIAN	7181	1293467	4840	894918	240	43010	843	133208	965	187177	293	35154
120% OR MORE OF MSA/MD MEDIAN	54500	17139383	39364	12239801	2283	779576	4321	1486316	7183	2247014	1349	386676
INCOME NOT AVAILABLE 6/	1853	538400	1391	400174	68	20252	201	57328	148	44907	45	15739
TOTAL 14/	82974	21433076	56327	15027553	3177	913091	9905	2160654	10428	2781580	3137	550198