



## Policy Position on Racial Disparities in Homeownership

Minneapolis Area REALTORS® recommends adoption by NAR of public policy supporting development of a Federal Down Payment Assistance Program aimed at first-time and first-generation homebuyers

### Context:

According to homeownership data from the Minneapolis Federal Reserve Bank, Minnesota has always had a very high homeownership rate, currently 71.9% overall. However, homeownership varies widely by race and generational status (country of origin). White homeownership is 76.9% and Black homeownership is 25.3% – nearly a 51.6% gap. This means Minnesota has one of the highest racial homeownership gaps in the country. In fact, Black homeownership peaked in 1950 and has been on a steady decline since. Similar numbers are true for other people of color as well but to a lesser extent. The Minneapolis Federal Reserve notes even when adjusting for variations in socioeconomic factors, it is not enough to account for the entirety of the disparity. Lack of intergenerational wealth is a major factor influencing homeownership including individuals or families who are first generation homebuyers. Minneapolis Area REALTORS® finds these facts reprehensible and is dedicated to solutions that increase homeownership for all regardless of race, country of origin or generational wealth.

### MAR Requests NAR Action:

Multiple down payment assistance programs exist at the local and state level in Minnesota and throughout the country. Minneapolis Area REALTORS® Board of Directors believes this is not enough to address the persistent disparities we see today.

On September 15, 2022, Minneapolis Area REALTORS® Board members voted to approve the following motion and sent a letter to NAR and its leadership stating the following:

Minneapolis Area REALTORS recommends and supports the adoption by the National Association of REALTORS® Board of Directors a standing public policy supporting development of a Federal Down Payment Assistance Program for First-Time and First-Generation Homebuyers, to close racial homeownership gaps across the country.



## Policy Position on Racial Disparities in Homeownership

Minneapolis Area REALTORS® will widely inform its members of the significant racial equity impacts of the change to the 2022 purchase agreements.

### Context:

In recent years individuals seeking to buy a home in Minnesota were required to disclose to the seller the approval of any grant, bond, or other loan assistance program to which they had applied in the mortgage financing section of their purchase agreement. In 2022, the Forms Committee of Minnesota Realtors® removed this language from the purchase agreement form. This successful effort was led by members of Minneapolis Area REALTORS® (MAR) who understood that Minnesotans of color are far more likely to seek out financial assistance in the form of grants, bonds, and public loans. They also understood that disclosing these resources encouraged additional scrutiny of the buyer without any evidence to believe that these funds would meaningfully hinder the buyer's ability to close on a home.

### MAR Action:

Knowing that this forms change has removed a barrier to homeownership for Minnesotans of color, MAR applauds the decision of the Forms Committee of the Minnesota Realtors® and the leadership of the MAR members who helped enact this change. MAR will ensure that all its members are aware that this requirement has been removed from the purchase agreement form, as well as the impact this change will have in making the Twin Cities housing market more equitable.

MAR held its first class on the 2022 Forms Update in September, where we specifically called out the elimination of this disclosure language. MAR continues to develop programming that incorporates this change and its impact on Minnesotans of color, as well as distributing this information broadly to its members.



## Policy Position on Racial Disparities in Homeownership

Minneapolis Area REALTORS® commits to expanding financial support of the Pathway to Achievement program.

### Context:

Increasing diverse and equitable representation in the Realtor® profession and associations will contribute to future success of the industry as well as contribute to a reduction in the racial disparities in homeownership in our region. Realtors® often work and serve clients in the communities within which they are active, so it follows that many prospective homebuyers in some communities may not have the same access to a Realtor®.

At the state level, we have a gap in representation of people of color as Realtors® relative to the state population; 17% of Minnesotans are people of color, yet only 2% of the Realtor® membership are people of color.

Minnesota Realtors® Pathway to Achievement Program is designed to promote diversity within the profession by engaging more people of color and in a manner designed to enhance the long-term success in the real estate profession.

### MAR Action:

The recipient is given start-up assistance at the beginning of their new real estate career as well as enrichment opportunities in the form of a sponsoring broker providing mentoring, designation classes, networking, and Realtor® events. The boost over the initial financial hurdles frees the new salesperson to study and learn the business – and become successful. Minneapolis Area REALTORS® was a founding partner in the program and commits to expand its financial support of the Pathway to Achievement recipients from four to six beginning in 2023.

This program covers Realtor® association dues for the first year of membership, and up to six months of MLS and lockbox fees. The program also covers specified educational and networking opportunities. The total value of the program is up to \$1,600.



## Policy Position on Racial Disparities in Homeownership

Minneapolis Area REALTORS® will incorporate education intended to reduce racial disparities in homeownership into required New Member Orientation.

### Context:

Many involved in the real estate industry are not fully aware of the extent to which Minnesotans of color are disadvantaged in home buying opportunities. Realtors® have an obligation to be informed of the history of racism in real estate, our association's responsibility to work toward an equitable housing market, and the actions Minneapolis Area REALTORS® (MAR) has taken to lead the real estate industry in this effort.

### Action:

MAR will incorporate three main themes into our required New Member Orientation program by November of 2022 to ensure all incoming association members are educated on the following:

1. A succinct history of racism in the real estate industry through the present day. We will specifically acknowledge the role Realtors® had in perpetuating racial segregation and the disinvestment in communities of color.
2. The current racial disparities in homeownership throughout the Twin Cities. We will describe the impacts of these disparities, and how MAR considers this an unacceptable reality which our association will work to eliminate.
3. MAR's current efforts to close the racial homeownership gap. We will review our intentions to lead the industry in eliminating racism in real estate, and how all Realtors® can contribute to a more equitable industry.

Complementing this initiative, MAR will widely distribute information on these themes to existing Realtors® during Fair Housing and Homeownership months, in collaboration with Minnesota Realtors®, The National Association of REALTORS®, and aligned industry partners.