



MORTGAGE BANKERS ASSOCIATION

## **Affordable Homeownership Advisory Council 2023 End of Year Report**

This report summarizes the key accomplishments of the 2023 Affordable Homeownership Advisory Council (Council). Under the leadership of co-chairs Julie Steinhagen of The National Huntington Bank, and Michael Innis-Thompson of TD Bank, the Council made significant strides to strengthen our industry efforts for 2024 and beyond.

### **Down Payment Assistance Standardization**

The Council contributed to the development of two systems-level solutions to increase affordable homeownership opportunities. The [HFA1 Affordable Homeownership Lender Toolkit](#), created in partnership with the National Council of State Housing Agencies and the recent rollout of standardized subordinate lien documents, an effort led by Freddie Mac, will help facilitate easier and expanded use of down payment assistance programs, which will serve a greater number of borrowers. The tools will:

- Enable lenders to partner more easily with HFAs in providing home mortgage loans and down payment assistance to lower-income home buyers.
- Help standardize subordinate lien documents to bring market efficiencies and cost savings to HFAs, their participating lenders, and down payment assistance providers nationwide.

### **Research and Development**

The Council heard presentations from experts on the research and development topics they were considering:

- Urban Institute provided a presentation about mortgage reserve accounts, with a focus on the recently released research paper, [Using Mortgage Reserves to Advance Black Homeownership](#).
- Fannie Mae shared a presentation about their positive rent payment history and cash flow underwriting efforts.

### **Building Generational Wealth through Homeownership**

Under the leadership of MBA's 2022 Chair Kristy Fercho of Wells Fargo, MBA launched a policy initiative, [Building Generational Wealth through Homeownership](#), to enact policy and program changes to support households of color with creating generational wealth through homeownership. The Council continued to advance the initiative in 2023 by joining the National League of Cities and the American Planning Association's Housing Supply Accelerator, a national campaign to improve local capacity, identify critical solutions, and speed reforms that enable communities and developers to work together to produce, preserve, and provide a diverse range of quality housing by realigning the efforts of public and private stakeholders in the housing sector to meet housing needs at the local level.

## CONVERGENCE

MBA's CONVERGENCE place-based initiatives continued to make progress toward closing the information, trust, resource, and market gaps that create barriers to homeownership in minority communities. The ultimate goal of these initiatives is to develop best practices and tools to help MBA's members reach more minority borrowers in markets across the country. Highlights from the cities include:

- CONVERGENCE Memphis acquired eleven lots in a predominately Black neighborhood, which are now under development as affordable, entry-level, single-family homes for owner occupancy. These lots are part of a pilot program using technology and data to help lower the costs of building entry-level housing. If successful, this approach could be replicated and scaled for future development in Memphis and other cities.
- CONVERGENCE Columbus launched multiple initiatives including Bloom614.org, a consumer-facing website with information about buying and owning a home, and the Bloom614 Homebuyer Readiness Program, which provides an innovative, digital coaching experience for aspiring homebuyers. CONVERGENCE Columbus is also preparing to launch a down payment assistance program in early 2024 utilizing a Special Purpose Credit Program to assist minority homebuyers.
- CONVERGENCE Philadelphia officially launched in March 2023 and established its workstreams and identified a set of goals for its first year of operation as part of a three-year strategic plan. The initiative was featured during a panel discussion during MBA's Annual Convention and the article, "CONVERGENCE Initiative Expands into Philadelphia", was published in the MBA Annual Convention Show Guide and [MBA NewsLink](#).

### Webinars and Profiles

Members of the Council participated in MBA's educational offerings through the "CONVERGENCE: Physics of Affordable Housing" webinar series.

- [Strategies for Serving Millennial and Gen Z Homebuyers](#), provided insights into the financial realities and housing trends shaping the decisions of millennial and Gen Z homebuyers. The webinar featured strategies and tools needed to effectively engage and serve these tech-savvy, financially conscious, and sustainability-focused buyers.
- [Expanding Homeownership through a Commitment to DEI](#), was produced in partnership with MBA's Diversity, Equity, and Inclusion team. The webinar highlighted best practices and tools that promote diversity, equity, and inclusion in the industry to increase equitable housing.

Meghan Bartholomew of Radian, [was featured in the CONVERGENCE Partner Profiles series](#). In the profile, Meghan discussed Radian's work as a Cornerstone Partner for CONVERGENCE Philadelphia and how this opportunity is providing Radian the chance to work with a wider group of stakeholders to have a greater impact in Philadelphia.

## **Policy Support and Recommendations**

The Council provided recommendations and feedback on key affordable homeownership-related policy efforts.

- Provided input and support for MBA's Residential Policy team's comment letter to the Department of Housing and Urban Development 203(k) Rehabilitation Program highlighting specific improvements that would make the program more appealing to borrowers and lenders alike, including increasing the cap on "Limited" 203(k) mortgages, increasing accessibility to consultants, and amending the program's initial draw requirements.

## **2024 and Beyond**

The Council will continue to advise MBA's work with private, public, and nonprofit partners to lead efforts to address the affordable housing crisis. Identifying strategic priorities and ensuring alignment with other stakeholders is essential to success. Through research and development, the Council will explore ways to implement innovative solutions as part of a good business strategy.