

Housing for Healing: A Systems Approach to Advancing Racial Equity and Justice

The Housing Partnership Network (HPN) and its members are deeply committed to using housing as a platform to promote equitable development and to create wealth for Black, Indigenous, and people of color (BIPOC). As leaders in nonprofit affordable housing, we can and must play a leading role in developing models and practices that can be replicated by the broader housing industry to remove barriers, create opportunity, and promote racial justice.

In collaboration with our board, membership, and other key stakeholders, HPN has launched a three-year plan (2021-2023) to advance **recovery, resilience, and racial equity**. This framework for collective action and field building will leverage and increase the power of HPN's mission-driven non-profits for transformative impact. Recognizing the pervasive and systemic nature of racial inequity, our multidimensional strategy focuses on our residents and customers; community, business and organizational partners; and the broader system, including the relevant institutional and public policy environment.

BACKDROP TO HPN'S RACIAL EQUITY STRATEGY

For more than 150 years, the U.S. housing industry has been one of the greatest perpetrators of systemic racism in America, as documented in Richard Rothstein's book *The Color of Law*. A multitude of discriminatory federal programs have intentionally and systematically denied people of color access to decent and affordable homes. From the Homestead Act in 1862 to redlining, deeds prohibiting BIPOC homeownership, predatory lending and discrimination in rental housing, communities of color have faced consistent barriers to housing. These policies and practices have directly led to immense disparities in education, job opportunities, and wealth for generations of children and families.

The nation's affordable housing policies and delivery systems have long abetted these inequities, beginning with biased rules imbedded in the original public housing program and continuing with private developers who deployed discriminatory development and operational practices. While the nonprofit housing sector has opposed these efforts, we have been complicit in some of our own tenant selection and eviction procedures and lending practices which have a disparate impact on people of color. As a sector we must identify and combat the blatant racism and vast inequities created through the housing system, further illustrated and exacerbated by the disproportionate effect of COVID-19 on BIPOC communities.

OUR APPROACH

Though Network leaders have long understood the importance of racial justice to our mission, we are still early in this journey relative to decades of racist policies and discriminatory practices in the U.S. housing industry. Our approach is built on our members' deep mission commitment, trusted relationships with local and regional partners, and capacity to deliver high impact resident and business initiatives. It leverages HPN's proven ability to spearhead collective, sector-wide efforts to address market gaps and barriers through new products and scaled solutions. And, most importantly, it is grounded in our commitment to member-driven peer exchange, policy advocacy, and innovation.

HPN's strategy to advance racial equity and justice is driven by three interconnected objectives:



OBJECTIVE
ONE

Build Assets and Wealth

HPN's wealth-building efforts focus on two synergistic member initiatives: boosting income and savings for Black, Indigenous, and people of color (BIPOC) residents in rental communities, and CDFI access to more flexible mortgage products and secondary market financing to address the racial wealth gap through homeownership.

- **ASSET BUILDING BY INCENTIVIZING SAVINGS:** This initiative will foster asset building and economic mobility for residents living in Section 8-assisted properties owned by member organizations by expanding utilization of the [Family Self-Sufficiency program](#), which helps residents build savings and reduce the need for public benefits. Nationally, FSS reaches a diverse population, with nearly 75% Black or Hispanic/Latino heads of households participating. Based on learnings from an initial pilot in partnership with Compass Working Capital (already in process), we will launch a multiphase, national effort to help nonprofit affordable housing providers overcome barriers to implementing new FSS programs, identify successful strategies to be replicated at scale, and document economic impact on participants, property owners, and communities.
- **HPN EQUITABLE HOMEOWNERSHIP COLLABORATIVE:** HPN member CDFIs are actively designing programs and lending products that increase access to mortgage financing and homeownership for people of color. They incorporate features that mitigate perceived risks associated with borrowers with low credit scores, few assets, and/or those who are first-time homebuyers. Through a new member collaborative we will explore opportunities, including access to more flexible secondary market/GSE capital and increased down payment assistance, to increase the volume and velocity of this type of community-centric lending benefitting BIPOC homebuyers while also addressing implicit bias in lending practices.



OBJECTIVE
TWO

Redirect Power and Resources

I. Our collective efforts start at home. **By creating more pathways and partnerships for people of color to work in, lead, and govern our organizations, we will be more reflective of and responsive to the people and communities we serve.** We also must promote our sector as having attractive career opportunities, employing more than 13,000 people in jobs with purpose within the HPN membership, alone.

- **NEW TOOLS & BENCHMARKING:** An already-established, member-led racial equity steering committee will create a network-wide racial equity assessment and toolkit, including a survey of current staff composition; opportunities for professional development and career advancement at member organizations; metrics and a dashboard to measure members' progress; and a threshold level of commitment to equity and inclusion for future Network membership.
- **DIVERSIFY TALENT PIPELINE:** HPN is pursuing partnerships with colleges, universities, and BIPOC associations. We will invest in fellowships to attract individuals with lived experience to enter or advance in the affordable housing and community development sectors, place emerging professionals in HPN member organizations, and support professional growth and leadership.

II. HPN member purchases on professional contracts, construction jobs, property management and operations, and other vendors total several billion dollars annually. **By establishing more intentional practices and capacity-support programs, we can increase utilization and flow of funding to BIPOC-led companies.** For example:

- **SUPPORTS FOR DIVERSE CONTRACTORS:** BIPOC-led firms face significant barriers, often leaving them out of their own cities' growth and revitalization efforts. Some underwriting practices by banks, institutional investors and public lenders are one example of this, where requirements such as bonding and minimum balance sheet

strength can effectively prohibit many capable BIPOC-led contractors from participating in construction projects. HPN is working with a subset of members and the HPN insurance captive (HPIEx) to design programs that help less well-capitalized MBE contractors meet bonding requirements and payment obligations.

III. A major constraint limiting the growth and impact of affordable housing developers is the shortage of subordinate debt and equity for both single and multifamily development. **A key element of our strategy is to raise flexible, low-cost capital that can be deployed at the enterprise level to help scale organizations led by people of color and those focused on advancing homeownership for BIPOC.**

- **HOUSING EQUITY FUND (HEF):** Only 1.5% of U.S. real estate assets are controlled by minority-owned firms and just 2% of real estate companies are Black-led. HPN and its CDFI subsidiary, the Housing Partnership Fund (HPF), are in discussions with investors to capitalize a new fund to help BIPOC-led nonprofits to acquire and develop affordable housing. Investments can be used to support homeownership and multifamily rental preservation and development.
- **BUILDING NEIGHBORHOODS FUND (BNF):** With our nonprofit CDFI partners and single-family developers, HPN is launching BNF to increase the supply of affordable single-family homes for first-time Black/Latinx homeownership. BNF's capital will support development, acquisition, and rehabilitation of new and existing single-family homes; prioritize use of minority- or women-owned contractors and vendors; and give mission-aligned developers a source of ready capital.



Change Institutional Requirements and Public Policies

Policy change – in standard industry business practices and at all levels of government and – is key to dismantling systemic barriers that prevent equitable access to housing, wealth and asset building.

- **EXAMINE AND REVISE POLICIES THAT HAVE DISPARATE RACIAL IMPACT:** Sparked by Matthew Desmond's analysis of the devastating effects of eviction on people with low incomes, particularly Black women, HPN members are reevaluating their tenant selection and eviction policies and procedures. We intend to examine all aspects of our business – including development, operations and lending – with a racial impact lens. HPN will, then, propose policies that can be broadly adopted by our members and the larger industry to remove racial bias and promote equitable and inclusive business practices.
- **PUBLIC POLICY ADVOCACY & SYSTEMS CHANGE:** HPN is advocating for [federal policies](#) and state/local innovations that remove barriers and provide support for people of color to access affordable homes and community investment. This includes sharing and replicating, amongst the membership, innovative policies at the state and local level that promote equitable recovery, housing stability, and wealth building. Successful transformation of the housing industry and policy environment must come from the inside out and be centered on resident needs and practitioners committed to serving BIPOC communities.