



PRESS RELEASE

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FOR IMMEDIATE RELEASE
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Community Homeownership Initiative

Partnership to Increase African American Homeownership Rates in the Greater Sacramento Region

Sacramento, Calif. | Sacramento Housing and Redevelopment Agency announces a comprehensive program designed to raise awareness and dispel the myths of purchasing a home in the Greater Sacramento Region. The Community Homeownership Initiative program is a partnership effort consisting of the Sacramento Housing and Redevelopment Agency, Federal Home Loan Bank of San Francisco, Sacramento Realist Association, and MUFG Union Bank. While this initiative is open to anyone, this effort provides expanded outreach to increase the homeownership rate in the Greater Sacramento Region for African American prospective home buyers.

SHRA has worked to convene the partners to identify opportunities to increase homeownership for eligible African American homebuyers. Union Bank will offer mortgages and grants to buyers in targeted areas. The Realtists are providing online information and homebuyer workshops required to receive a certificate to access downpayment and closing cost assistance. They are also assisting perspective buyers locate homes. Through its WISH Program, FHLBank San Francisco, in partnership with its member Union Bank, will provide grants of up to \$28,000 for downpayment and closing costs to qualified applicants earning up to 80% of AMI (about \$69,000 for a family of four).

“We are announcing the Community Homeownership Initiative in February in honor of Black History month,” stated Tyrone Roderick Williams, Deputy Executive Director, Sacramento Housing and Redevelopment Agency. “Many of the current inequities in Black homeownership rates can be traced back to federal and state discriminatory housing policies supported by racially biased lending practices. This partnership demonstrates SHRA’s commitment to expanding housing opportunities for African American families.”

According to the Urban Institute, since 2001, the Black homeownership rate has seen the most dramatic drop of any racial or ethnic group, declining 5 percent compared with a 1 percent decline for white families and with increases for Hispanic families. The homeownership rate of

Black millennials stands at 13 percent compared with 37 percent for white millennials. In the past 16 years, Black homeownership rates have declined to levels not seen since the 1960s when private race-based discrimination was legal.

One of the biggest obstacles for homebuyers is saving money for a down payment. It is especially challenging for many African American buyers. Between the partnership of Union Bank and FHLBank San Francisco and other funders, a total of up to \$28,000 could be available per eligible qualified buyer under the Community Homeownership Initiative.

“We are pleased to be a part of the Community Homeownership Initiative and, like our partners in this effort, we are committed to helping more individuals and families attain the dream of homeownership. By actively working with local communities, Union Bank is able to better evaluate their priorities and come up with solutions to meet their needs This is one example of how we’re doing just that,” said Michael L. Jackson Vice President, Sr. Diverse Markets Manager, MUFG Union Bank.

Historically, homeownership has been the pathway to build wealth. The Great Recession decimated many of the gains in African American homeownership rates. For some, the loss of this wealth-building tool makes it difficult to close the wealth gap. This initiative is designed for first-time buyers as well as those who have not owned a home in the past 3 years.

“For lower-income families and individuals, downpayment and closing costs are significant barriers to homeownership and the wealth-building opportunity ownership represents,” said Marietta Núñez, Senior Vice President and Community Investment Officer at FHLBank San Francisco. “We are thrilled that our member Union Bank is partnering with Realtist to proactively reach out to aspiring homebuyers in the Sacramento area who can benefit from a WISH matching grant.”

Since the first homebuyer received a matching grant in 2000, FHLBank San Francisco and their member partners have funded over \$117 million first-time homebuyer WISH Program matching grants, helping nearly 8,400 households realize their dream of owning a home of their own.

This initiative consists of comprehensive Home Buyer Education & Counseling, Financial Literacy, First-Time Home Buyer Workshops, and Flexible Mortgage Products/Programs for neighborhoods in Greater Sacramento.

Sacramento Community Homeownership initiative Programs and Products:

- Downpayment Assistance and Closing Costs Assistance Programs
- WISH/IDEA Programs- FHLBank San Francisco
- Community Home Buyer Mortgage Products
- FHA/VA Mortgage Products
- Flexible Underwriting
- MUFG Union Bank Home Buyer Grant



SHRA (www.shra.org) is a Joint Powers Authority created by the City and County of Sacramento to represent both jurisdictions for affordable housing and community redevelopment needs. SHRA has a FY 2021 budget of \$214 million and 250 employees. The Agency owns and/or manages approximately 3,200 units of affordable housing and is one of the largest landlords in Sacramento. SHRA also administers approximately 13,200 rent assistance vouchers per month.

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“The Sacramento Realist Association is very excited to be part of the Community Homeowner Initiative,” stated Zoritha Thompson, Sacramento Realist Association. “Our mission is to enhance the economic empowerment of our members and the community through education, community involvement, and legislative involvement. We are committed to democracy in housing, which increases the opportunity for homeownership! This is a perfect fit for us.”

Williams commented, “We realize that one homeownership initiative won’t erase over 90 years of history obstructing African Americans from accessing homeownership opportunities. We are committed to addressing the challenges of the past and opening doors for opportunity for the future.”

The first Virtual information workshops will begin on March 3rd, 2021.
For more information visit www.SactoCHI.com or call 916-870-4765

Why is there a need for a homeownership outreach program for African Americans in Sacramento?

A History of Exclusion Zoning is not inherently good or bad: it can both further and undermine policy goals depending on its use. Unfortunately, for much its history, it has been used (both intentionally and unintentionally) as a tool of exclusion. The original forms of zoning explicitly excluded communities of color from white communities through restrictive covenants. These covenants, which prohibited non-whites from purchasing or renting a home, appeared in the Sacramento region as early as the 1920s in what is now the Land Park neighborhood, but soon spread throughout other parts of the city.

For example, the Elmhurst neighborhood in Sacramento had a covenant that read “No persons of any race other than the white or Caucasian race shall use or occupy any structure or any lot except that this provision shall not prevent occupancy by domestic services of a different race domiciled with an owner or tenant.” These covenants were then further reinforced by mortgage redlining. As a means of stimulating easier access to home loans during the great depression, the federal government created the Home Owners’ Loan Corporation (HOLC) to institute a system for providing federally backed home loans to Americans. In each city, HOLC staff assigned color grades to residential neighborhoods that reflected their perceived loan risk, and thus, where loans should be given.

To get a low risk grade of green or blue, a neighborhood had to be “racially homogenous” (white), low density, zoned single family, and employ racial covenants. Higher risk grades of yellow and red were given to neighborhoods with multifamily housing, more polluting uses, and existing minority populations.

In the Sacramento HOLC maps, red areas like the Washington neighborhood in West Sacramento were described as “racial hazards” where “infiltration of subversive races has occurred.” In this way, minority groups were not granted government-backed home loans with



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favorable terms in their own neighborhoods, but were also prohibited from moving to green and blue neighborhoods through covenants.

As a result, people of color did not experience the same intergenerational wealth created by appreciating property values in desirable neighborhoods that white families did. The few minorities who were able to secure loans for homes in redlined neighborhoods gained 52% less home equity over the last 40 years than outside those areas.

This is partly why in 2016, the net worth of a median white household (\$171,000) was 10 times that of a median black household (\$17,150) in America. While racial zoning was outlawed in the early 20th century and government-sponsored redlining was outlawed in 1968, the residential segregation created by these institutions is so structurally engrained in the community that it is still present today even though the City of Sacramento is one of the most diverse cities in the country.

Much of the rest of the SACOG region was not yet developed when the HOLC maps were created and, thus, they were oriented around central city Sacramento and its inner ring suburbs. However, the development patterns created across the region by single family zoning have led to the same residential segregation seen in the Sacramento core. The racial disparities built by decades of government sponsored policy exist across the SACOG region and the rest of the country.

Source: Housing Policy Toolkit - Prepared by the Sacramento Area Council of Governments
6/25/20



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