



Federal Housing Finance Agency

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Roundtable Recap: FHLBank Support for Communities of Color and Closing the Racial Homeownership Gap

Baltimore, MD | December 12, 2022

This *FHLBank System at 100: Focusing on the Future* regional roundtable was hosted in Baltimore, Maryland and participants joined from a cross-section of housing finance, community development, and advocacy organizations. Participants discussed challenges faced by potential homebuyers of color, including high housing costs, and having sufficient money for a down payment, particularly in high-cost areas. The increasing cost of housing development as well as rising interest rates were also mentioned as adding to homeownership challenges. Other challenges that were raised included appraisal bias, lack of housing supply, securing financing for smaller mortgages, and the lasting legacy of redlining and disinvestment in minority communities.

Participants mentioned the importance of maintaining cultural cohesion in minority communities, including retaining the integrity of small businesses in those communities. Fostering diverse communities is essential and identifying programs that are already working in those communities and building on those programs is an effective approach in expanding capital to those communities. Participants underscored the importance of cultural competency across the FHLBank membership, FHLBank boards and staff, and FHFA when reaching out to assist these communities.

Participants mentioned many specific opportunities for the FHLBanks to play a larger role supporting communities of color and closing the racial homeownership, such as improving language accessibility for Asian American and Pacific Islander homebuyers and homeowners when sharing information. Participants urged the FHLBanks to be innovative—to develop pilot programs that test concepts and expand on those that work and for FHFA to create a regulatory environment that fosters innovation without fear of regulatory reprisal.

Other suggestions included providing low interest acquisition, development, and construction loans to minority developers; providing additional funds for down payment assistance; and creating special purpose credit programs (SPCPs) for homebuyers who are first-generation and/or socially disadvantaged. Participants also mentioned a potential role for the FHLBanks in securitizing small dollar mortgages and multi-family mortgages; investing through social impact bonds; expanding membership to CDFIs and independent mortgage banks that are linked to a robust affordable housing mission; incentivizing diversity in the leadership of the FHLBanks and their members; and aligning affordable housing mission with Community Reinvestment Act reform.

In conjunction with the Baltimore roundtable, FHFA staff participated in site visits hosted by Neighborhood Housing Services (NHS) Baltimore and The Community Builders, Inc (TCB). NHS Baltimore is a nonprofit organization serving neighborhoods throughout Baltimore, and hosted FHFA on a tour of Walbrook Mill Apartments, the Mill on North food hall, and homes being redeveloped with assistance from NHS Baltimore. TCB is a national nonprofit organization with a presence in the Central West Baltimore neighborhood, and hosted FHFA at the Marshall Gardens Residences.

FHFA prepared this roundtable recap to summarize key discussion points. Please [visit the website](#) to view the full roundtable transcript and video recording.