

2022 AREA A

THREE - POINT POLICY PLAN

TO BOOST AAPI HOMEOWNERSHIP



**AREA A DIVERSITY &
FAIR HOUSING SUMMIT**

May 10 - 12, 2022 | Washington, DC | areaa.org

FOREWORD

As AREAA approaches our 20th anniversary, we reflect on the growth that this organization has seen. In many ways, it parallels the changes to the AAPI community over the past twenty years. Just as there has been an increased presence of AAPIs in films, media, public office, and culture, so too has AREAA's presence grown as the largest AAPI trade organization. We are proud to have 43 chapters and over 18,000 members, as well as representing 51 different ethnicities with 26 different languages spoken.

Through our advocacy, AREAA has achieved several major policy victories in our mission to boost AAPI homeownership. Perhaps our biggest win to date was in 2016, when our "No Other" campaign successfully persuaded the U.S. Census Bureau to include remove AAPI from their "Other" racial category in their influential quarterly report on homeownership and vacancies, giving Asian Americans a standalone category for the very

first time. The impact was seen immediately. AAPI, the fastest growing population in the nation, finally had an accurate homeownership rate - and it was significantly lower than what was previously reported. This highlights the need for accurate and reliable data. In 2017, our collective efforts around language access and student debt also yielded important changes that will benefit all communities for years to come. We have collaborated with the Federal Housing and Finance Agency (FHFA), Fannie Mae and Freddie Mac to create translated resources in Spanish and Chinese for LEP borrowers. Korean, Vietnamese, and Tagalog. In alternative credit, we saw major wins when Freddie Mac announced its initiative to help renters build credit through rental payment history. As a part of AREAA's efforts to meet the growing demand for AAPI advocacy, AREAA has deployed a national survey to measure the effect of anti-Asian sentiment on AAPI homebuying trends. The findings are presented in our 2022 State of Asia America Report.

For the 2022 3-Point Plan, AREAA has focused on three pressing issues that face the AAPI community: affordable housing, fair housing, and alternative credit. Affordable housing is a pressing issue for many across the country due to a national home shortage and supply line disruptions. This is felt particularly hard by those residing in already competitive residential areas, in which a high percentage of AAPIs typically reside. Fair housing is also incredibly important for helping first-time first-generation homebuyers achieve their American dream by accessing homeownership and building generational wealth. Alternative credit is a point that we are no stranger to, and we intend to continue pursuing more wins on this front.

AREAA is honored to be the leading voice for advocacy in terms of promoting sustainable AAPI homeownership. We believe the three points discussed in the following pages are an important aspect of our mission to serve our community and aid them on the path to homeownership.

2022 AREAA NATIONAL PRESIDENT
Tim Hur

POLICY CHAIR
Vincent Ha

POLICY VICE-CHAIR
Joyce Endo

EDITOR
Jordan Fan

DESIGNER
Jazz Miranda





POLICY POINT #1

AFFORDABLE HOUSING: H.R. 2768

BACKGROUND

For most Americans, buying a home is the biggest purchase that they will make in their life. However, growing prices and limited supply continue to push this dream further out of reach. According to Pew Research, **49%** of American adults say that affordability is a major problem where they live, up from **39%** in 2018. AANHPIs (Asian Americans, Native Hawaiians, and Pacific Islanders) poll higher than the national average, with **55%** saying that housing affordability is a major issue, **33%** saying it is a minor issue, and only **12%** saying it is not an issue. This study also indicated that affordability was a greater issue in urban and metropolitan areas, which tend to have higher proportions of AAPI compared to other areas. According to Realtor.com, there is a **5.8** million single family home shortage across the country.

S&P CoreLogic Case-Shiller Home Price Indices S&P Core showed a **19.2%** annual gain in home prices in October, and Apartment List measured a **17.8%** increase in rent through 2021. Due to the factors listed, all Americans are paying more of their money, and a greater percentage of their income towards housing expenses.



SOLUTIONS

AREAA supports **H.R. 2768**, The American Housing and Economic Mobility Act of 2021. This bill would target this issue on both fronts, by providing funding to aid in the construction of affordable housing units, and by assisting in middle-class and lower income Americans in the acquisition of homes. This bill would allocate grants for state and local governments that remove unnecessary regulations against constructing affordable units, promote local businesses and spur growth. The bill would also strengthen obligations under the Community Reinvestment Act to promote investment in low and middle-income communities and increase credit access. This bill would also strengthen anti-discrimination laws to include source of income, veteran status, and marital status, to ensure that more Americans are given an equal opportunity to secure affordable housing. An independent analysis from Moody's Analytics indicated that this bill would result in a **10%** decrease in rent for lower income and middle-class families. This bill also would address communities that have had limited access to generational wealth because of discriminatory government policies like redlining. Although this subject is frequently thought of as an

issue that has primarily affected African Americans, AANHPIs have also felt the effects of such barriers. Asian Americans are also disproportionately concentrated in coastal, metropolitan areas, many of which are the most competitive in terms of housing prices. The construction of more affordable homes would alleviate pressure from those who feel its effects most harshly. Lastly, this bill would create revenue by returning estate tax brackets to their levels at the end of 2008, with more progressive rates above these thresholds.



<https://cleaver.house.gov/media-center/press-releases/clever-warren-lead-coalition-to-reintroduce-historic-legislation-to>
<https://www.marketwatch.com/story/housing-inflation-is-at-a-fever-pitch-is-this-the-peak-11642026797>
<https://www.pewresearch.org/fact-tank/2022/01/18/a-growing-share-of-americans-say-affordable-housing-is-a-major-problem-where-they-live/>



POLICY POINT #2

H.R. 4495 DOWNPAYMENT TOWARD EQUITY ACT OF 2021

BACKGROUND

While the AAPI average income is higher than the national average, they still hold much lower wealth when compared to White Americans. Pew Research states that income inequality is greatest in the Asian population, and a 2022 study from NBC showed that low-income Asian Americans in California received the lowest rates of rental assistance.



SOLUTION

AREAA supports **H.R. 4495**, Downpayment Toward Equity Act of 2021. This legislation would provide down payment assistance to first-generation homebuyers to address multigenerational inequities in access to homeownership and to narrow and ultimately close the racial homeownership gap in the United States, and for other purposes. Furthermore, this bill includes conditions within that are designed to make this a sustainable and viable effort. Recipients of this grant are required to complete a financial literacy course to better understand the housing market and are required to repay a certain amount in the event of a foreclosure. Moreover, financial assistance provided from grants from this program are required to remain in the community, helping to uplift the intended communities while keeping the focus of the assistance on those who need it most. Low-income immigrants and refugees from Asian countries make up a large block of the AAPI community, and this bill would promote generational homeownership for this demographic.

<https://usafacts.org/articles/white-people-own-86-wealth-despite-making-60-population/>
https://www.warnock.senate.gov/wp-content/uploads/2021/09/FACT-SHEET_Downpayment-Toward-Equity-Act.pdf
<https://www.pewresearch.org/social-trends/2018/07/12/income-inequality-in-the-u-s-is-rising-most-rapidly-among-asians/>

POLICY POINT #3

ALTERNATIVE CREDIT

H.R. 123 ALTERNATIVE DATA FOR ADDITIONAL CREDIT FHA PILOT PROGRAM REAUTHORIZATION ACT

BACKGROUND

AAPIs tend to be more risk averse, and as such, are more likely to pay for products outright. While this is typically conceived of as responsible financial habits, one of the side effects is Asian Americans having thin credit or no credit. AAPI disproportionately fall into this category of people referred to as “credit invisible”. In many cases, the person in question is capable of loan repayment, but simply lacks the means to prove it using the standard scoring model. The current model considers a very narrow and outdated set of criteria that includes Payment History, Amounts Owed, Length of Credit History, Credit Mix in Use, and New Credit. The expanded alternative credit creates a more comprehensive model by also including Rent Payments, Utility Payments, Internet and Phone Bills, Insurance Payments, and Student Loans. AREAA believes these types of debts, which are nearly universal in our society, are common sense additions that can help score more people while not creating more risk for lenders.

SOLUTION

AREAA supports H.R. 123, Alternative Data for Additional Credit FHFA Program Reauthorization Act. This bill would authorize a pilot program under the National Housing Act to establish an automated process for providing additional credit rating information for mortgagors and prospective mortgagors under certain mortgages. This includes providing alternative options and more comprehensive wording surrounding alternative credit access at the federal level. By allowing renters and homeowners to build credit through alternative means, AAPIs would have access better rates while being accepted for more loans.

<https://www.fhfa.gov/PolicyProgramsResearch/Policy/Documents/Borrower-Language-Access-Final-Report-June-2017.pdf>



GET TO KNOW
AREAA

18,000 Members and Growing

43 Chapters Across US and Canada

51 Ethnicities Represented

26 Languages Spoken

2 Major National Events Per Year

Diversity Summit in DC Each May

Find Out What We're Doing Next
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