



[HUD HOME](#) [HUD USER HOME](#) [SEARCH](#) [SUGGESTION BOX](#)

The National Homeownership Strategy: Partners in the American Dream

Chapter 1: The National Homeownership Strategy

TOPICS

[about pd&ar/hud user](#)

[publications](#)

[periodicals](#)

[data sets](#)

[bibliographic databases](#)

[order online](#)

[ongoing research](#)

[community builders](#)

[...](#)

[calendar of events](#)

[other resources](#)

[contact hud user](#)

[international affairs](#)

[eth](#)

[university partnerships](#)

Purpose

The purpose of the National Homeownership Strategy is to achieve an all-time high level of homeownership in America within the next 6 years through an unprecedented collaboration of public and private housing industry organizations. The strategy was prepared by the U.S. Department of Housing and Urban Development (HUD), under the direction of Secretary Henry G. Cisneros, in response to a request from President Clinton.

Based on the research and advice of literally hundreds of national experts, program specialists, and practitioners in all aspects of the homeownership process, this report represents the best thinking and the best ideas to expand homeownership to millions of households by the end of the year 2000.

The National Homeownership Strategy is an action document, not an academic exercise. It is a call to action and a resource for thousands of national, State, and local organizations in the private and public sectors. The National Homeownership Strategy is based on the premise that specific, plausible actions, implemented through the collaboration of national, State, and local housing partners, can make a difference in expanding homeownership levels in the United States to an all-time high.

The heart of the National Homeownership Strategy is contained in this report's 100 proposed action items. The fundamental commitment of the homeownership strategy is that these 100 actions be carried out through a national partnership and a series of State and local partnerships. These 100 actions are designed to generate up to 8 million additional homeowners by the end of the year 2000. While each of the participating organizations are already undertaking activities to increase homeownership, a broad-based, active partnership is the only way that America can achieve record high homeownership by decade's end. No Federal program, nor any combination of Federal policies and programs alone, can generate the millions of additional homeowners that the President and the partners are committed to creating.

This chapter discusses the importance of homeownership, the primary themes of the strategy, the importance of shared approaches, and the proposed goals of the national partnership. A summary of the 100 proposed actions appears at the end of the chapter.

Why Homeownership?

Most scholars, public policy makers, industry analysts, and civic and community leaders agree that supporting homeownership is good for America, and will produce four fundamental benefits:

1. Homeownership is a commitment to personal financial security.

Through homeownership a family acquires a place to live and raise children and invests in an asset that can grow in value and provide the capital needed to start a small business, finance college tuition, and generate financial security for retirement.

2. Homeownership is a commitment to strengthening families and good citizenship. Homeownership enables people to have greater control and exercise more responsibility over their living environment.
3. Homeownership is a commitment to community. Homeownership helps stabilize neighborhoods and strengthen communities. It creates important local and individual incentives for maintaining and improving private property and public spaces.
4. . Homeownership is a commitment to economic growth. Homeownership helps generate jobs and stimulate economic growth. The design, construction, and rehabilitation of homes employs local labor and uses a vast array of American-made products and services. Homebuilding has often led the economic recovery from national recessions due to its strong job multiplier effect and because increased housing starts and home sales represent renewed economic confidence.

Owning a home serves as one of the main symbols of economic and social success and is a primary aspiration for most Americans. Recent surveys indicate that 86 percent of all adults prefer to own a home, and two-thirds of all renters would buy a home if they could afford one.

Homeownership creates economic prosperity for families and communities and acts as a dynamic generator of economic growth. Every new home creates 2.1 jobs directly related to construction, and many more jobs through increased demand for household goods and services.

Because homebuilding and homeownership contribute to national prosperity, the expansion of homeownership in this Nation has been supported for many years by public-private partnerships. From the Homestead Act in 1862 to the GI Bill of Rights in 1944, key Federal Government innovations such as the Federal Housing Administration (FHA), Department of Veterans Affairs (VA) home loan guaranty program, Department of Agriculture's Rural Housing and Community Development Service, Federal Home Loan Bank System, Fannie Mae, Ginnie Mae, Freddie Mac, and others have mobilized private capital to enable the average working family to buy a home with little or no down payment.

Background

In the spring and summer of 1994, Secretary Henry Cisneros met with leaders of major national organizations from the housing industry to solicit their views about establishing a national homeownership partnership. In August 1994 these planning sessions culminated in a historic meeting at which industry representatives agreed to the formation of working groups to help develop the National Homeownership Strategy.

The working groups met frequently from late August through mid-

December. Overall, more than 50 organizations and hundreds of people were engaged in the working group process. These working groups are listed below.

- Establishing Goals.
- Cutting Financing and Transaction Costs and Increasing Availability of Financing.
- Cutting Production Costs.
- Targeting Areas and Building Communities.
- Opening Markets and Targeting Underserved Populations.
- Improving Homeownership Education and Counseling.
- Raising Awareness and Expanding Opportunities.
- Determining Governance.

Strategy Themes

The National Homeownership Strategy combines private and public sector resources and commitments to implement three broad approaches designed to make homeownership more affordable, accessible, and available. The goal of reaching all-time high national homeownership levels by the end of the century will be accomplished by:

- Cutting the costs of homeownership, including financing, production, and transactions costs and fees, to make homeownership more affordable, make financing more available, and simplify the homebuying process to make it easier to purchase and own a home.
- Streamlining transaction costs, expanding creative financing and public gap financing, and making technological improvements in loan underwriting will reduce the costs of homeownership. Changing conventional methods of design and building less expensive houses will enable many more low- and moderate-income families to purchase homes. Regulatory reforms will allow developers and builders to reduce the costs of land assembly, housing construction, and home rehabilitation, making homeownership more affordable for willing homebuyers who are now priced out of the housing market.
- Opening markets for homeownership, to increase choice and remove barriers, making homes, mortgage financing, and property insurance more available and affordable for every American.
- Across all income levels, African-American and Hispanic-American households have lower homeownership rates compared to other groups with comparable incomes. At the same time, low- and moderate- income households are much less likely

than higher income households to own homes. Breaking down racial and ethnic barriers and increasing access for other underserved households will extend homeownership opportunities to millions of families and enable minority households to own homes in a much wider range of communities.

- Expanding opportunities for homeownership, to raise awareness and make homeownership a reality for millions of people through education and counseling, information technology, communications media, and community involvement.
- Many would-be homeowners are not aware that they can own a home with-or more often without-special assistance. Broad-based outreach and marketing will spread the word to young and old, low- and moderate-income as well as more affluent households, minority families, and new immigrant populations that they can indeed become successful homeowners. Targeted education and counseling can train millions of individuals and families in the basic financial practices and technical skills needed to purchase and maintain a home.

All 100 actions contained in the National Homeownership Strategy support one or more of the three themes.

Shared Approaches

All of the housing industry organizations that participated in the development of the National Homeownership Strategy work day-in, day-out assisting American households to become homeowners. Whether for profit, social benefit, or community stability, every housing industry participant strives to enhance opportunities for first-time homeownership. Over time, these organizational efforts have generated one of the highest levels of homeownership among all developed Nations in the world.

If each housing industry participant performs its homeownership functions in an efficient manner, the national level of homeownership should increase over the next 6 years. If so, then why are these organizations making a commitment to the National Homeownership Strategy and actively engaging in a long-term partnership to expand American homeownership? The answer is that with greater collaboration comes "synergy"- a realization that the whole can be greater than the sum of its parts.

The National Homeownership Strategy suggests that much more can be achieved by collaboration among housing industry participants; that by establishing common goals, working together, sharing successes and improving the flow of information, the national partnership can more dramatically increase homeownership levels in the United States by the end of the century.

Hence, the National Homeownership Strategy clearly acknowledges that by working together to solve obstacles to homebuying, we can collectively and individually achieve greater progress. Virtually all of the actions contained in the report will benefit measurably from a shared approach. For example:

- Nonprofit homeownership counseling providers, private mortgage

insurers, secondary market investors, associations representing lending institutions, Federal agencies, and State and local governments can improve homeownership counseling by collaboratively establishing a national training center and curriculum.

- National and local partners can improve understanding and use of innovative downpayment alternatives, such as lease-purchase and homebuyer savings clubs.
- Homebuilders, Federal agencies, and associations representing State and local governments can agree to disseminate examples of fast-track planning reviews of affordable home developments.
- National and local partners, including financial institutions, secondary market investors, the Federal Government, State and local governments, and national nonprofit housing organizations, can improve industry understanding of public-private financial leveraging approaches.

These are a few of the many collaborative actions that will help achieve all-time high levels of homeownership in America.

National Homeownership Goals

Given the actions and collaborative approaches described in this report, the members of the partnership propose to generate up to 8 million additional homeowners by the end of the year 2000, which translates into a national homeownership rate of up to 67.5 percent.

Despite its many benefits, homeownership has increasingly slipped out of reach for many Americans. From 1940 to 1980, the national homeownership rate rose from 43.6 percent of all households to 65.6 percent. Since 1980, the overall ownership rate has declined to a current rate of about 64 percent. While this rate has been increasing in the past 2 years, the Nation's homeownership rate is still well below its historic peak.

Although higher income households headed by persons over 45 years of age have held steady, the homeownership rates for younger households and those with lower incomes have faced a much more difficult situation. Between 1980 and 1991, homeownership rates for households headed by persons under the age of 35, both married and single, fell by nearly one-fifth, from 44.5 percent to 37.8 percent. In the same decade, homeownership rates for moderate-income households fell by 10 percent, with a 17-percent drop for low-income households. And the homeownership rate for very low-income families with children declined from 37 percent to 29 percent.

In addition, homeownership rates remain substantially lower among minorities than among whites. In 1993, 43 percent of African-American households and 40 percent of Hispanic households were homeowners, compared with 70 percent of non-Hispanic white households. This gap exists regardless of income levels: both higher income and lower income minorities are less likely to own their homes than white households of comparable incomes.

The National Homeownership Strategy will attempt to help all American

households become homeowners, including middle-income families. However, the statistics presented above point to a special responsibility and an important opportunity to target underserved populations and communities, including low- and moderate-income households, minorities, young adults, families with children, legal immigrants, people with disabilities, Native Americans, and residents of inner-city neighborhoods and rural areas.

Next Steps

Issuance of the National Homeownership Strategy is an important milestone in the march towards establishing a viable, long-term partnership. The strategy contains 100 actions for the partnership to implement. These proposed actions are statements of what can be accomplished. The actions are the foundation-the starting point-of steps that should be taken to increase homeownership opportunities.

Each of the participating national organizations will sign a partnership agreement that identifies the actions and describes the specific contributions they will make to support the National Homeownership Strategy. The partnership agreements are discussed more fully in the next chapter.

Partnership agreements have already been signed by more than 50 national organizations. Over time, it is expected that the number of national, State, and local organizations becoming partners in this process will continue to grow, further enhancing opportunities for collaboration.

The partnership also will form a governance structure designed to guide this landmark homeownership initiative through the year 2000. Recommendations regarding the roles of a governance structure are discussed in more detail in the next chapter.

Summary of the National Homeownership Strategy Contents

The 100 actions contained in these chapters often refer to steps that the "partnership" should undertake in the general sense. In effect, the 100 actions in this report represent recommendations for the partners. The partnership agreements prepared by each of the participating organizations provide the specific contributions needed to support each of these actions.

Chapter 2 of this report summarizes the partnership agreements and proposed long-term structure of the partnership. Chapters 3 through 8 include discussions of key elements of the National Homeownership Strategy. Below is a list of the subjects for each chapter.

Chapter 3: Production.

Chapter 4: Financing.

Chapter 5: Building Communities.

Chapter 6: Opening Markets.

Chapter 7: Homeownership Education and Counseling.

Chapter 8: Raising Awareness.

National Homeownership Strategy List of Proposed Actions**Production**

- Action 1: Assessing Regulatory Impacts on Affordable Homeownership
- Action 2: Modernizing Planning, Zoning, and Subdivision Laws
- Action 3: Education and Technical Assistance for Regulatory Reform
- Action 4: Consensus Building and Mediation Techniques for Affordable Homeownership
- Action 5: Statewide Standards for Impact Fees
- Action 6: Models of Regulatory Flexibility and Development Controls
- Action 7: Expanded Research on Regulatory Reform
- Action 8: Building Code Reform
- Action 9: Education and Outreach for Higher Density Home Construction
- Action 10: Fast-Track Administrative Review Procedures for Starter Homes
- Action 11: Removing Barriers to Mortgage Financing for Starter Homes
- Action 12: Stock Plans and Guidance Materials for Starter Homes
- Action 13: Flexible Regulations to Accommodate Home Rehabilitation
- Action 14: Home Rehabilitation Research
- Action 15: Technical Evaluation and Guidance Materials for Energy Conservation
- Action 16: Affordable Home Technology Program
- Action 17: Information, Training, and Technical Assistance for Innovative Technologies
- Action 18: Affordable Home Design and Construction Awards
- Action 19: Stock Plans for Building Affordable Homes
- Action 20: Enhanced Homebuilding Product Evaluation
- Action 21: HUD Technical Evaluation of Homebuilding Products
- Action 22: Research on Technological Innovation for Affordable Homes
- Action 23: Regulatory Review of Manufactured Homes
- Action 24: State Participation in Manufactured Homes
- Action 25: Cooperative Research for Manufactured Homes
- Action 26: Manufactured Home Industry Initiatives
- Action 27: Zoning and Land Development Reform for Manufactured Homes
- Action 28: Access to Financing for Manufactured Homes

Financing

- Action 29: Alternative Approaches to Homebuying Transactions
- Action 30: Technological Improvements in Mortgage Financing
- Action 31: Lender Processing Time Reductions

- Action 32: Standardize Homebuying Settlement Procedures
- Action 33: Bulk Purchase of Homebuying Settlement Services
- Action 34: Local Government Development Fees and Homeownership Trust Funds
- Action 35: Home Mortgage Loan-to-Value Flexibility
- Action 36: Subsidies to Reduce Downpayment and Mortgage Costs
- Action 37: IRAs and 401(k)s for Homeownership Downpayments
- Action 38: Savings Plans for Homeownership
- Action 39: Mortgage Options and Homebuyer Education
- Action 40: Home Mortgage Foreclosure Requirements
- Action 41: Home Purchase and Rehabilitation Financing with FHA 203(k)
- Action 42: Conventional Financing for Home Purchase and Rehabilitation
- Action 43: Home Rehabilitation Financing
- Action 44: Flexible Mortgage Underwriting Criteria
- Action 45: Public-Private Leveraging for Affordable Home Financing
- Action 46: Reinventing FHA Single-Family Home Mortgage Insurance
- Action 47: Native American Home Financing Needs
- Action 48: Small Rental Properties to Support Affordable Homeownership
- Action 49: Continuation for the Mortgage Revenue Bond Program and Mortgage Credit Certificates
- Action 50: Energy Efficiency and Home Mortgage Underwriting
- Action 51: Cooperative Homeownership

Building Communities

- Action 52: Homeownership Education and Technical Assistance for Communities
- Action 53: Spotlight on Successful Local Partnerships
- Action 54: Employer-Assisted Homeownership
- Action 55: Location-Efficient Home Mortgages
- Action 56: Comprehensive Community Revitalization
- Action 57: Homeownership Zones
- Action 58: Federal and State Resources for Affordable Homeownership
- Action 59: Promoting Mixed-Income Neighborhoods
- Action 60: Redeveloping Vacant Properties
- Action 61: Mortgage Credit for Rural Areas
- Action 62: Rural Home Financing Demonstration Program
- Action 63: Expanding Rural Home Financing
- Action 64: Homeownership Capacity Building in Rural Areas
- Action 65: Rehabilitating Rural Homes
- Action 66: Homeownership Opportunities for Native Americans

Opening Markets

- Action 67: The President's Fair Housing Council
- Action 68: Voluntary Fair Housing Self-Enforcement and

Affirmative Marketing by Homeownership Industry Organizations

- Action 69: Metropolitan Regional Fair Housing Initiatives
- Action 70: Voluntary Self-Enforcement and Affirmative Marketing by Mortgage Lending and Homeowners Insurance Industry Organizations
- Action 71: Access to Home Mortgage Lending Data
- Action 72: Research on Fair Lending and Insurance Issues
- Action 73: Market Review of Underserved Groups and Communities
- Action 74: Workplace Diversity in Hiring and Promotion
- Action 75: Research on the Homeownership Impacts of Diversity
- Action 76: Mentoring Minority-Owned Homeownership Businesses
- Action 77: Marketing Homeownership Products and Programs in Foreign Languages
- Action 78: Tailoring Home Design and Construction to Diverse Populations
- Action 79: Homeownership Models That Work
- Action 80: "One-Stop" Home Financing Catalogue

Homeownership Education and Counseling

- Action 81: National Institute for Homeownership Education and Counseling
- Action 82: Federal Efforts to Build Local Homeownership Counseling Capacity
- Action 83: Research on Homeownership Education and Counseling
- Action 84: Clearinghouse for Homeownership Education and Counseling
- Action 85: Curriculum Development for Homeownership Education and Counseling
- Action 86: Training and Accreditation for Homeownership Education and Counseling
- Action 87: Cultural Sensitivity and Diversity in Homeownership Education and Counseling
- Action 88: Education on Alternative Forms of Homeownership
- Action 89: Task Force on Long-Term Funding of Homeownership Counseling
- Action 90: Nonprofit Business Planning for Homeownership Counseling Organizations
- Action 91: HUD Allocation of Counseling Funds
- Action 92: Showcasing Successful Collaborative Homeownership Counseling Programs
- Action 93: Local Homeownership Counseling Roundtables

Raising Awareness

- Action 94: Publicizing Homeownership Opportunities and Achievements
- Action 95: Homeownership Site Visits
- Action 96: Successful Transitions to Homeownership
- Action 97: Homeownership Educational Centers and Special Events

- Action 98: Educating Homebuyers and Homeowners Through Technology and the Media
- Action 99: Homebuyer Access to Government-Owned Homes
- Action 100: Research Networks and Information Clearinghouses on Homeownership Data

Table of Contents

Last revised: 7/11/2000