CONNECTING CAPITAL AND COMMUNITY:

Early Learning on Advancing Homeownership for People of Color

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SEPTEMBER 2025

This research was made possible through the support of JPMorganChase. Unless otherwise specifically stated, the views and opinions expressed in the report are solely those of the report's author and do not necessarily reflect the views and opinions of JPMorganChase or its affiliates

Background

Homeownership has long been a cornerstone of the "American Dream," serving as a key source of household and intergenerational wealth and contributing to the well-being and stability of tens of millions of families and households. Homes are among the most widely held assets, owned by 66 percent of households and accounting for more than 26 percent of total household assets in 2022, more than any other asset category.[1] In addition to financial benefits, owning a home also provides residential stability, which contributes to improved health outcomes[2] and better educational outcomes for children.[3]

Homeownership has long been the most significant contributor to wealth accumulation for Black and Latine households,[4] but structural racism has historically denied many Black Americans and other people of color the benefits of homeownership. Public policies restricted access to homeownership and mortgage financing,[5] contributing to a significant and growing disparity in homeownership rates between Black and white households. In 2023, the homeownership rates were 44.7 percent for Black households and 50.1 percent for Hispanic households, both of which were significantly lower than the 72.4 percent rate for White households.[6] This disparity is now larger than it was in 1968, when the Fair Housing Act[7] was enacted. Predatory and exclusionary practices in home-buying and mortgage financing, most recently evident during the subprime mortgage boom and collapse in the early 2000s, also generated traumatic experiences for many households of color, shaping their expectations and demand for homeownership.

Despite such glaring disparities, the community development ecosystem supporting homeownership is far less robust than the one supporting affordable rental housing. While a significant gap still exists between the need for rental housing and the amount of funding available,[8] national and state-level subsidies, such as Low-Income Housing Tax Credits (LIHTC) and Housing Trust Funds, are available to offset development costs. Over time, a more developed financing ecosystem has emerged around affordable rental housing, leveraging LIHTC and other subsidies. This ecosystem includes state Housing Finance Agencies, Community Development Financial Institutions (CDFIs), specialized lending units at major banks that provide predevelopment, construction, and permanent financing, as well as development consultants with expertise in accessing and packaging these funding sources.

Far fewer subsidies are available to write down development costs for ownership housing units. The primary subsidy for homeownership is the mortgage interest deduction for federal personal income

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1 Data from the 2022 Survey of Consumer Finance, as reported in *Homeownership is Key to Household Wealth*, Eye on Housing, February 2024.

2 Shams Rahman, MD, PhD, and David Steeb, PharmD, MPH. *Homeownership Matters: Impact of Homeownership on the Prevalence of Chronic Health Conditions in the United States,* *Preventing Chronic Disease 21:230324.*

3 Brendan Chen. (n.d.) *How Housing Instability Affects Educational Outcomes,* Urban Institute, Housing Matters.

4 William R. Emmons. *Homeownership and the Racial Wealth Divide*, Federal Reserve Bank of St. Louis, July 10, 2017.

5 Richard Rothstein. *The Color of Law: A Forgotten History of How Our Government Segregated America.* Liveright Publishing, 2017.

6 *Black Homeownership Rate Sees Largest Annual Increase Among Racial Groups, but Still Trails White Homeownership Rate*, National Association of Realtors, March 2025.

7 James H. Carr and Michel Zonta. *2022 State of Housing in Black America*, National Association of Real Estate Brokers, 2022.

8 *America's Rental Housing 2024,* Joint Center for Housing Studies of Harvard University.

taxes, which primarily benefits households already able to enter the homeownership market. In contrast to affordable rental housing, where subsidies help lower project costs, homeownership development relies far more heavily on residents' incomes, making it less attainable for low- and moderate-income (LMI) buyers. Moreover, there is less of a pull for collaboration and collective action in the homeownership ecosystem than in affordable rental housing, where networks of public, private, and nonprofit entities are drawn together to advocate for the continuation of the various rental subsidies. Homeownership lacks a comparable framework to pull the ecosystem together.

Numerous initiatives by state and local governments, philanthropy, and non-governmental organizations (NGOs) have sought to expand homeownership among people of color and address longstanding disparities. A wave of renewed efforts followed the heightened attention to racial inequality after the killing of George Floyd. Many of these initiatives have focused on reducing financial barriers for people of color through down payment assistance, low-interest mortgages, special purpose credit programs, and enhanced homeownership and credit counseling.

Connecting Capital and Community

This brief examines efforts to increase or maintain homeownership within communities of color as part of the Connecting Capital and Community (3C) initiative. Launched in 2021 by the Center for Community Investment (CCI), with funding from JPMorganChase (JPMC), the 3C initiative seeks to address the racial inequities at the core of the housing ecosystem. Five cities across the country are using community investment to support housing preservation, homeownership, and wealth-building. Three of these cities centered their work directly on homeownership, while a fourth addressed homeownership more indirectly.[9]

CHICAGO	The Chicago 3C team is working to overcome barriers to homeownership for aspiring Black and Latine households in the East Garfield and Humboldt Park neighborhoods by building new affordable homes on vacant publicly-owned lots, cultivating a pipeline of ready buyers, and exploring new design and financing options.
WASHINGTON, DC	While the DC site has not focused its work on homeowners, its efforts to preserve affordable housing in small buildings, aimed at preventing the displacement of Black residents, include support for tenant acquisition of these properties as a pathway to ownership.[10]
LOS ANGELES	In Los Angeles, the 3C team is piloting new models, including shared ownership, to develop lower-cost homeownership units in South Los Angeles, leveraging opportunities and testing new pathways enabled by recent state and local regulatory changes.
SEATTLE	Seattle's Black Home Initiative (BHI) is mobilizing an extensive network of stakeholders to help 1,500 LMI Black households acquire homes in the Puget Sound region by the end of 2028 through policy advocacy, new programs, and expanded, better-coordinated services to increase the supply of affordable homes and build a pipeline of successful buyers.

[9] An upcoming learning brief will more thoroughly highlight the work of DC, Los Angeles, and Miami, focusing on the development and preservation of affordable small-unit buildings.

[10] Much of this work builds on DC's Tenant Opportunity to Purchase Act (TOPA), which gives tenants the first right to purchase a residential property with five or more units when the owner decides to sell.

Central to the 3C initiative is CCI's capital absorption framework, which emphasizes establishing shared priorities, creating a pipeline to advance those priorities, and shaping an enabling environment of policies and practices that facilitate effective community investment. CCI encouraged the teams to work concurrently across all three capital absorption functions while centering racial equity. Prior to 3C, CCI had primarily worked with communities to apply the capital absorption framework in the context of affordable rental housing, where pipelines generally focused on expanding the housing supply. With many 3C communities focused on homeownership, the teams and CCI recognized that the pipeline concept needed to evolve. Advancing homeownership requires attention to two key pipelines: a pipeline of ownership housing inventory and a pipeline of ready homebuyers who can connect to that supply.

Initiatives across 3C sites pursued a mix of strategies to address the buyer and supply pipelines and to strengthen the enabling environment supporting homeownership more broadly. The diagram below illustrates how each site aligned its approach with the capital absorption framework.

These strategies continue to evolve as teams test approaches, respond to challenges, and learn from on-the-ground experiences. In many cases, it is too early to measure the success of the strategies teams are pursuing. Still, the Capital Absorption Framework has already shifted thinking from isolated fixes to a more integrated view that links buyer and project pipelines to the broader enabling environment. The following sections examine each element individually, while keeping in mind that their full impact emerges when they work together. This summary reflects the teams' progress through early 2025 and highlights key insights.

Strategies to establish shared priorities

Sharpen homebuyer focus

Why is this important?

To focus pipeline development activities, it is important to identify which buyers to target for assistance and determine the level of affordability the inventory must meet. This process required sites to navigate complex challenges and trade-offs, including geographic targets (both homebuyer origin and destination), the desired and feasible levels of affordability, and which historically excluded populations to serve.

What strategies did 3C teams pursue?

Seattle explicitly focused on Black households, recognizing them as the group experiencing the greatest disparity in homeownership and wealth. In contrast, Chicago and Los Angeles centered their efforts on Black and Brown households, reflecting the demographic makeup of their target neighborhoods, which included significant numbers of Black and Latine or Hispanic residents.

Seattle chose a much broader geography for its work than either Chicago or Los Angeles. Its regional approach acknowledged that many Black households had already been displaced from Seattle and aimed to focus on surrounding areas with existing Black communities and where homeownership was most feasible. Chicago and Los Angeles concentrated on neighborhoods at risk of displacement due to their proximity to areas undergoing gentrification. All three teams targeted a broad affordability range, generally 50 percent to 120 percent of area median income (AMI).

Reflections on the 3C experience

A sharp focus on specific homebuyer groups enabled teams to understand both the aspirations and challenges of their targeted buyers. This clarity allowed teams to design more tailored solutions. Teams, however, struggled to reach the deeper affordability at the lower end of their articulated income range due to high construction costs, a high-interest-rate environment, and the ceiling of buyer financing sources. In response, they are now working to develop specialized strategies to achieve deeper levels of affordability.

Identify gaps or pain points in the homeownership process

Why is this important?

Becoming a homeowner is a complex process that requires navigating multiple steps and interacting with legal, financial, and real estate systems. Households of color face additional barriers throughout this journey. Identifying these critical gaps and pain points is essential for developing targeted solutions and improving the homebuying experience.

What strategies did 3C teams pursue?

The Chicago and Seattle teams reframed the homebuying process as a multi-phase journey, recognizing that potential buyers may enter at different stages and require tailored supports responsive to where they are in that journey. Examining the entire process revealed new insights, including the need to build awareness of both housing options and the resources available to assist homebuyers. Both teams drew on discussions with prospective home buyers to reach the insight that accessing homeownership is not simply a matter of financial conditions but also one of psychological, educational, and cultural factors. As a result, both teams explored ways to increase awareness and interest in homeownership through targeted outreach, often relying on trusted messengers.

Identifying gaps and pain points was not a one-time planning exercise but an ongoing learning process. Both teams worked to transform a fragmented landscape with many, often siloed, service providers into a more comprehensive and coordinated system. In Chicago, changes focused on the neighborhood level, while in Seattle, the work took a regional approach. While this work is never complete, both 3C Chicago and Seattle's BHI have seen improvements. They have increased engagement with households of color, helping them rethink the benefits and potential of homeownership, navigate the journey more effectively, access information and resources, and ultimately become long-term homeowners.

Reflections on the 3C experience

By viewing homeownership as a trajectory, informed by the experiences of homebuyers and other system participants, rather than as a single transaction, teams were able to identify key moments in the home-buying journey and the challenges and opportunities at each stage. As teams deepened their buyer pipeline work, their understanding of system challenges evolved, shaping and refining the agenda for system improvement over time.

Strategies to establish a homebuyer pipeline

Expanding the buyer pipeline: outreach and early support

Why is this important?

Identifying and engaging potential homebuyers is a critical first step in establishing a buyer pipeline. Due in part to past negative experiences with homeownership, many households of color do not view homeownership as feasible. Overcoming these barriers requires culturally sensitive, tailored outreach that builds trust and offers credible, community-based support.

What strategies did 3C teams pursue?

To foster a mindset that homeownership is a real option for communities of color, the two 3C teams working to create a buyer pipeline, Chicago and Seattle, invested in extensive outreach efforts, expanded the type of information provided, and leveraged trusted networks to reach potential buyers.

The Chicago team employed a comprehensive marketing approach to promote homeownership that included collaboration with local employers, email campaigns, social media outreach, developer webinars, and communication through the local alderperson. The team also hosted in-person events, such as neighborhood trolley tours featuring 3C homes and other neighborhood assets, as well as a "3C Housing Fair" that provided information on 3C homes and available services, including on-the-spot soft credit checks. These events provided an overview of the 3C homes and the homebuying process while connecting participants with developers, realtors, and support organizations. Recognizing the importance of trusted messengers, the Chicago team partnered with local media makers to produce stories around homeownership, highlighting some of the challenges, solutions, and resources. The stories also featured organizations working in the space and profiled Black and Latine homeowners to help residents see homeownership as relatable and accessible. Additionally, the team supported a peer mentorship pilot program within the Chicago Housing Authority's Choose to Own (CTO) program, pairing low-income voucher holders interested in purchasing a home with trained, compensated mentors—former CTO homebuyers—and supplementing this support with certified housing counselors.

While Chicago took a highly place-based approach to increasing homebuyer interest by marketing the two neighborhoods of focus, the Seattle team needed to reach prospective Black homebuyers across a broader geographic region. Seattle's outreach emphasized working with groups with strong ties to Black households to identify and reach potential homebuyers. Seattle partnered with Western Washington Realtist, the local chapter of the national trade organization for Black realty professionals, and faith-based organizations to conduct outreach and host events promoting homeownership. The team trained and supported "ambassadors" within area Black churches and also leveraged existing events, such as Realtist Week and Community Impact Day, to amplify their outreach.

Reflections on the 3C experience

The experiences of the 3C teams underscore that expanding the pipeline of homebuyers of color requires proactive, comprehensive, and culturally informed outreach strategies, including efforts to shift prospective buyers' mindsets to see homeownership as attainable. These experiences indicate that building a strong buyer pipeline relies on combining diverse communication channels with trusted, culturally relevant community connections, consistent engagement, and ongoing supportive mentorship.

Financial products to bridge affordability gaps: down payment assistance

Why is this important?

Due to long-standing systemic barriers, people of color, especially those with low- and moderate-incomes, tend to bring limited savings and intergenerational wealth to the homebuying process. Down payment assistance can make a home purchase more affordable by reducing the size of the mortgage loan and lowering monthly payments, helping to bridge the affordability gap. The size of the down payment is also essential in qualifying for most mortgages, and reaching 20 percent or higher eliminates the need for and the cost of private mortgage insurance (PMI).

What strategies did 3C teams pursue?

In Seattle, BHI pursued a comprehensive advocacy strategy to secure sustainable public funding for down payment assistance and engaged financial institutions in offering more accessible mortgage products for Black homebuyers. Leveraging a supportive legislative environment and a strong housing policy advocacy infrastructure, BHI successfully championed the Covenant Homeownership Act (CHA) in 2023. This landmark legislation established the Covenant Homeownership Act Program (CHAP),[11] a groundbreaking "harm-based" Special Purpose Credit Program[12] (SPCP) specifically designed for individuals and their descendants who have been impacted by historical racially restrictive housing covenants.[13] Despite ongoing legal challenges, CHAP has already demonstrated significant impact, facilitating over 700 loan closings by August 2025, with more than two-thirds of those supporting Black households.

Additionally, BHI organized a lending and underwriting group comprising representatives from commercial banks, credit unions, government entities, and community organizations. This group developed targeted underwriting guidelines to assist financial institutions in creating race-based SPCPs. These guidelines have informed the launch of new down payment assistance programs, expected in 2025, from Washington State Employees Credit Union and Boeing Employees Credit Union, further expanding opportunities for equitable homeownership.

In Chicago, the 3C team focused on improving access to an existing publicly funded down payment assistance program, Building Neighborhoods and Affordable Homes (BNAH). The team collaborated with city officials to streamline the application process, allowing buyers to apply earlier, once a developer and lot are identified, rather than waiting for home completion. Approved buyers receive a six-month valid approval letter, giving developers sufficient time to build the home. To raise awareness of underutilized purchase price assistance programs, the Chicago team partnered with the city to host biweekly informational webinars for buyers, brokers, HUD agencies, and lenders. Prior to 3C, BNAH had issued only a few grants since its launch in 2018. As of June 2025, nine BNAH grants had closed, with six supporting 3C buyers.

[11] Under CHAP, first-time homebuyers with incomes below 100 percent of AMI who lived in Washington before April 1968 and are Black, Hispanic, Native American, Alaska Native, Native Hawaiian or other Pacific Islander, Korean, or Asian Indian, are eligible for a 0 percent interest loan for down payment assistance equal to 20 percent of the home's purchase price (capped at $150,000), with closing costs paid by the buyer. Repayment of the CHAP loan is deferred until the home is sold or refinanced. Through additional advocacy, BHI achieved subsequent legislative changes that increased the CHP income limit to 120 percent of AMI and provided forgiveness of the down payment loan after five years for households at 80 percent AMI.

[12] A Special Purpose Credit Program (SPCP) is a lending program designed to address the needs of economically disadvantaged groups who might otherwise be denied credit or offered credit on less favorable terms. SPCPs are authorized under the Equal Credit Opportunity Act (ECOA) and Regulation B.

[13] The Covenant Homeownership Act (CHA) establishes a substantial, perpetual funding stream for mortgage assistance to victims of historic housing discrimination and their descendants. Funding is generated through a $100 Covenant Homeownership recording fee applied to all real estate transactions in the state. This fee is projected to generate up to $100 million annually.

Reflections on the 3C experience

The 3C teams identified effective ways to provide down payment assistance through innovative program design, leveraging existing public sources, and sustained advocacy for policy solutions. Regardless of the chosen approach, their experience demonstrated that significant down payment assistance—comparable to maximums of $90,000 and $150,000 in Chicago and Seattle—is necessary to achieve meaningful affordability. Teams found that down payment assistance often needs to be layered with other subsidies that reduce the purchase price to achieve affordability for targeted income groups. In addition, teams learned that securing early commitments for down payment assistance empowers buyers to shop with confidence and close transactions more readily, which, in turn, incentivizes developers to pursue new construction.

Financial products to bridge affordability gaps: affordable mortgage products and mortgage access

Why is this important?

Affordable mortgage products, such as those offering below-market interest rates, can significantly reduce the monthly cost of homeownership, making it more attainable and sustainable for lower-income households. However, households of color frequently encounter further obstacles when securing mortgages, including existing debt, rigid underwriting processes, and biases in appraisal and credit scoring practices.

What strategies did 3C teams pursue?

Three teams are working to expand access to affordable home purchase mortgage loans by developing new or enhanced products. In Chicago, the team launched a new loan product in 2024 through Neighborhood Lending Services for first-time homebuyers purchasing new homes through 3C. This product features a fixed 3.5 percent interest rate over 30 years and does not require PMI, significantly reducing financing costs for buyers. As of August 2025, three buyers had already used this product, and five presales are expected to close by the end of October. A key, innovative component of the team's plan is to sell these mortgages to investors through private placements or other mechanisms, thereby creating a secondary market that allows for product scaling and potential replication. It took time for the team to identify a securitization partner and investors because of the relatively small volume of mortgages that 3C will generate. Negotiations with the partner took nearly a year to finalize terms, given the significant credit support the partner required to enhance the credit quality of the mortgage-backed securities. With the terms finalized and the initial $1.5 million in mortgages issued, the team is now ready to package and sell its first set of mortgages and begin testing the market.

In Los Angeles, the team is working with Self-Help Federal Credit Union, a CDFI active in home mortgage lending, to design a new mortgage product for tenant-in-common (TIC) housing, further detailed in the section on alternative homeownership models. In addition, the team is exploring the use of Section 8 housing vouchers as a supplemental income source to help cover mortgage payments. Section 8 vouchers help bridge funding gaps by increasing buyers' effective income, making homeownership more affordable.[14] Despite potential federal funding cuts, the Housing Authority of the City of Los Angeles (HACLA) remains committed to exploring a program launch, and the Los Angeles team is working with a consultant experienced in designing such programs across the country to set a program at HACLA into motion.

Beyond expanding access to low-cost mortgages, the 3C teams are looking at new ways to make homeownership more affordable and attainable for BIPOC buyers. In Seattle, the team launched a debt remediation fund in December 2024, with $500,000 in capital, to help Black LMI homebuyers eliminate existing debts up to $25,000, such as medical bills, which prevent them from qualifying for home purchase loans. Buyers work with a housing counselor to identify eligible debts, which are paid off as part of the mortgage closing package. In addition, the team launched the Community Lift Loan, a first-mortgage product offered at reduced interest since March 2025. HomeSight administers both funds. As of August 2025, they had assisted 36 and 12 new homeowners, respectively.

Reflections on the 3C experience

The 3C teams' work highlights that improving affordability for LMI buyers of color involves layering innovative mortgage products and other tools to bridge the affordability gap. Addressing the affordability gap requires going beyond lowering the mortgage interest rate. The 3C teams are pursuing a range of innovations to improve and expand affordability, such as creating customized products for varied ownership models, testing more flexible underwriting standards, generating funds to reduce buyers' pre-mortgage debt burden, and piloting a new secondary market for nontraditional mortgages that will allow the capital to recycle.

Strategies to develop a housing supply pipeline

Expanding the pool of developers of color in ownership housing production

Why is this important?

Developers of color remain underrepresented within the real estate sector, including affordable housing development. Historic barriers, coupled with the growing complexity of affordable homeownership projects, have limited their ability to build essential expertise, accumulate equity, and forge critical relationships with financial institutions and other key stakeholders in the housing ecosystem—all key factors in successfully financing and completing housing developments. Expanding opportunities for developers of color makes housing investments more inclusive, creates economic opportunities for POC-owned businesses, and strengthens the overall capacity of the housing system to deliver more homes.

What strategies did 3C teams pursue?

While multiple 3C teams incorporated strategies to support the work of developers of color, Seattle placed a particularly strong emphasis on ensuring that these developers participate in and benefit from the expanded homeownership opportunities generated by the 3C initiative. BHI adopted a

[14] This option exists under HUD's HCV Homeownership Program but has not been widely utilized. As of October 2024, there were 9,677 active participants in the program.

funding principle stating that new homeownership development "will prioritize Black-owned/Black-led developers and Black-led community-based organizations to lead the development work and, when necessary, consider joint ventures with appropriate community-facing/community-serving organizations." To advance this goal, BHI created the Field Order 15 Fund (FO15) to provide predevelopment grants and loans to Black for-profit developers,[15] along with business development and mentoring support. In addition, BHI is supporting the launch of 1DROP, a collective of underrepresented real estate developers in the region committed to empowering developers of color to build housing through advocacy, apprenticeship, mentorship, networking, and co-development. BHI's funding support is enabling 1DROP to develop a hands-on mentoring program tailored for emerging developers of color.

Reflections on the 3C experience

The 3C teams' strategies underscore the importance of intentional, targeted recruitment, investment, and technical support in expanding opportunities for developers of color. While increasing the number of developers of color aligns with broader goals of boosting Black homeownership, directly increasing affordable homeownership production through this approach may require time, given the complexity of affordable housing development and the emerging status of many developers of color. Ultimately, these combined efforts show promise in laying the foundation for a more diverse and stronger community development system.

Alternative homeownership models

Why is this important?

Alternative homeownership models provide pathways for buyers who need cost-sharing arrangements to make homeownership attainable or who want more flexible ownership structures. At their core, these models aim to preserve long-term affordability, reduce displacement risks, and mitigate neighborhood gentrification, while also shifting mindsets to show that viable alternatives beyond the conventional private market are possible.

What strategies did 3C teams pursue?

Two teams are pursuing alternative development and ownership models to create more affordable and accessible homeownership options. In Los Angeles, the team is exploring the use of the TIC ownership structure to make homeownership more affordable in the city's cost-prohibitive market. TIC is a legal arrangement in which two or more parties jointly own real estate through a fractional ownership model. TIC helps lower homeownership costs because the units are not subdivided, thereby avoiding the legal and administrative costs associated with establishing a condominium. Since access to financing is a barrier to expanded use of the TIC model, the Los Angeles team is

[15] Launched in 2024 and managed by HomeSight, a nonprofit that provides homebuyer training, counseling, and financing, FO15 offers two types of funding: (1) grants up to $35,000 for predevelopment project planning and feasibility analysis, with an additional $15,000 for legal work related to deed-restricted affordable housing; and (2) unsecured loans up to $1 million at 5 percent interest, with repayment terms of up to two years for other predevelopment costs, repaid through the project's construction loan proceeds. As of April 2025, FO15 has issued 12 grants and three loans that could yield up to 245 units of affordable ownership housing.

working with Self-Help Federal Credit Union, a CDFI active in home mortgage lending, to design a new mortgage product for TIC housing targeted to LMI buyers. For one of its pilot projects, the team is also incorporating a community land trust (CLT) model, ensuring that the TIC homeownership units retain permanent affordability. Looking ahead, the team is exploring partnerships with CLTs to utilize the product in converting rental properties to tenant ownership and is supporting prospective CLT renters in understanding TIC as a viable option. Notably, the team's use of the TIC model also aligns with the city's new SB9 and accessory dwelling unit (ADU) legislation, which creates opportunities for small-scale, multi-unit ownership. By linking TIC to these policies, the team is encouraging residents and partners to take advantage of the new pathways these laws provide for expanding affordable homeownership opportunities.

In Washington, DC, which has an existing ecosystem of CLTs, Limited Equity Cooperatives (LECs), and tenant ownership supported by the District's Tenant Opportunity to Purchase Act (TOPA), the 3C team is focused on improving processes, resources, and building management capacity to establish and sustain tenant ownership of small multifamily buildings. Efforts include formulating a collaborative development framework, piloting a curriculum and training program for developers on applying the framework, and implementing a demonstration project to test several strategies for improving the quality and stability of small multifamily buildings, including tenant-owned properties.

Reflections on the 3C experience

Alternative homeownership structures can increase affordability and help prevent displacement. However, tensions sometimes arise between wealth-building goals and affordability objectives, for example, LECs restrict home price appreciation and their ability to generate wealth. In some cases, the 3C teams noted some buyer reluctance to pursue alternative homeownership structures. Teams' experience to date suggests that alternative homeownership models succeed only when several elements are in place: buyers and lenders understand and trust the approach, financing is tailored, and multi-unit buildings have strong property management.

New funding sources and tools to close affordability gaps

Why is this important?

Unlike rental affordable housing, few subsidies and funding sources exist to write down development costs for homeownership units, leaving developers to rely heavily on buyer incomes to cover expenses. While buyer financing tools, such as down payment assistance, help bridge the affordability gap from the buyer side of the transaction, the problem for developers is that these subsidies are not available until the point of sale. Developers, therefore, need to bear the full construction cost upfront, hoping buyer subsidies will be sufficient to recoup these costs and close the affordability gap for LMI buyers. Increasing upfront subsidy availability would incentivize developers to build more affordable homes for LMI buyers.

What strategies did 3C teams pursue?

3C teams are expanding funding sources and implementing new financing tools to address this challenge. In Chicago, the team leveraged JPMC funding to provide predevelopment support through its Developers' Alliance. The team is also pursuing New Markets Tax Credit (NMTC) to subsidize home construction on vacant, publicly-owned lots, aiming for a $10 million allocation to support 25 new affordable homes. The team will learn in the fall of 2025 whether it will receive an NMTC allocation.

In Seattle, in addition to funding for Black developers through FO15, BHI advocated for expanded state and local funding for affordable housing, including homeownership. Its efforts led to voter approval in 2023 of an increased Seattle housing levy, allocating $51 million specifically for homeownership. The team anticipates this funding will support the development of approximately 300 permanently affordable homes for purchase. BHI partners also contributed to additional wins that are increasing funds for homeownership, including an increase in the State Housing Trust Fund specifically for homeownership and over $30 million in support of homebuyers through the state's new Community Reinvestment Program.

Reflections on the 3C experience

The 3C teams' experiences demonstrate that creatively leveraging existing financing tools and strategically advocating for dedicated funding can be effective ways to subsidize the costs of homeownership development. However, teams also encountered significant challenges in addressing the substantial funding gaps and providing adequate subsidies to make units affordable for LMI households. Achieving affordability often requires multiple layers of financing sources. Further innovation is necessary to enhance current tools, develop new funding streams, and expand affordable homeownership opportunities across a broader income range.

Enabling environment strategies

Coordination of homebuying support

Why is this important?

The current service ecosystem for homebuyers is highly fragmented, making it difficult for households to access support tailored to their needs at each stage of the homebuying process. Coordinating and integrating these services is essential to streamline the buyer experience and make homeownership more accessible and responsive to BIPOC and LMI households.

What strategies did 3C teams pursue?

Chicago formed a collaborative of four organizations,[16] known as the "buyer pipeline team," to collectively coordinate outreach and marketing, education, and counseling for prospective homebuyers in the target neighborhoods. The team meets monthly to maintain a buyer database, share information on clients, coordinate work on outreach and assistance, and maintain an ongoing referral network. This collaborative is itself an important innovation, as these organizations had not previously worked together to identify, assist, and prepare potential homebuyers. As a result of the collaborative efforts of the buyer pipeline team, approximately 625 prospective homebuyers are in

[16] The four organizations are Breakthrough Urban Ministries, Chicago Area Fair Housing Alliance, NHS, and Spanish Coalition for Housing.

the pipeline and receiving support, leading to successful first-time homeownership for over 54 households as of mid-2025.

In Seattle, BHI created a centralized online hub that links Black homebuyers with a wide range of services and organizations tailored to their specific needs and stage in the homebuying journey. The team maintains a homebuyer database for ongoing engagement and support. While implementation of the online platform has been delayed,[17] BHI expanded an existing telephone hotline operated by the Washington Homeownership Resource Center (WHRC), a network of housing counseling organizations, to provide intake and referrals. WHRC staff and referred partners have been trained in trauma-informed practices, understand the barriers faced by Black homebuyers, and possess the knowledge to refer individuals to the growing ecosystem of resources available to address these barriers. The hotline now connects homebuyers with an expanded referral support network, particularly within the private sector, including brokers, lenders, homebuilders, and new financial tools such as CHAP down payment assistance.

Reflections on the 3C experience

The 3C teams' efforts to improve coordination within homebuyer support ecosystems demonstrate that effective collaboration requires intentional organizational commitment to adapt internal organizational approaches and cultivate stronger relationships with other ecosystem partners. Their experiences highlight the importance of a trusted convener organization, as well as regular communication, information sharing, and data coordination across organizations to collectively monitor progress, identify gaps, and refine strategies accordingly. Ongoing investment in frontline staff education and training is also essential to ensure counselors and advisors can effectively support homebuyers as the system evolves. Additionally, the teams' integration of private sector actors, such as brokers, lenders, and builders, underscores the value of expanding partnerships beyond traditional service providers to ensure homebuyers have comprehensive access to the essential resources they need throughout their journey.

Coordinating homebuyer and housing supply pipelines

Why is this important?

Aligning the homebuyer (demand) and housing supply pipelines helps to ensure that targeted homebuyer groups can successfully purchase homes. Without this coordination, housing supply shortages may leave purchase-ready buyers unable to find homes, undermining their confidence and engagement in homeownership initiatives. Coordination also reduces the risk of insufficient numbers of homebuyers of color being ready when new affordable housing becomes available, ensuring homes reach their intended recipients.

What strategies did 3C teams pursue?

In Chicago, the team developed a dual-pipeline strategy that aligns new ownership housing development with efforts to build a pipeline of buyers who can afford and sustain these homes. The team is working to construct new ownership housing on publicly-owned lots in Humboldt Park and East Garfield Park while simultaneously identifying and preparing buyers for these homes. This

[17] The delay was due to the original contractor failing to provide the required services.

strategy reduces the developers' risk by helping ensure a pipeline of qualified buyers with access to financial assistance, such as down payment support. It also motivates potential buyers by signaling that an inventory of new, affordable homes is being built in specific neighborhoods, creating feedback loops that allow developers to better understand buyer preferences, including desired home characteristics. Still in its early stages, this coordination promises to yield stronger community-aligned outcomes than efforts focused on housing supply and demand separately.

Reflections on the 3C experience

Chicago's 3C example of tight coordination between the homebuyer and supply pipelines operated as a "closed loop" system of developers and housing counselors, all focused on moving the specific 3C-designated housing units. While a promising model, the path to sustain and scale beyond the specific pipeline and the two neighborhoods is still unfolding. Successful scaling will likely require a supply strategy that reflects the targeted buyers' income and housing preferences, as well as learnings on how to design and phase each pipeline of projects to align the supply of purchase-ready buyers with the completion of affordable homes.

Regional network

Why is this important?

Organizations across the private, nonprofit, and public sectors play critical roles in influencing potential homebuyers and shaping the homeownership ecosystem. Engaging this diverse network can help connect with historically excluded homebuyers, surface innovative ideas and essential information for system improvements, and facilitate the widespread implementation of practices, tools, and policies to advance homeownership for people of color.

What strategies did 3C teams pursue?

The 3C teams engaged stakeholder networks to varying degrees to advance their shared priorities. This approach was most noticeable in Seattle, where BHI was designed and implemented through a multisector regional network to secure commitments from a wide range of entities across the private, nonprofit, and public sectors. This collaborative effort leverages diverse capacities and resources to increase Black homeownership in North Pierce, South King, and South Seattle counties. The original seven organizations that launched BHI had grown to a network of over 120 organizations by 2025.

Although policy change often calls for this kind of region-wide reach, the same network principles—shared vision, distributed leadership, and pooled resources—can be just as effective when applied within a single neighborhood or city.

The breadth of the BHI network has enabled and facilitated progress in several ways:

- It leverages the expertise and capacity of network members to lead and implement specific projects and initiatives, e.g., WHRC leads work around the centralized buyer pipeline platform, intake, and referral, while HomeSight manages the FO15 funds.
- It capitalizes on the relationships of network members to reach and build trust with Black households across the region.

- It creates a stronger voice and broader support for BHI's work and policy agenda, elevating the importance of Black homeownership as a regional priority, mobilizing support for important policy proposals, and enabling expansion into additional cities and counties.

Reflections on the 3C experience

Seattle's experience with BHI shows that building a cross-sector network can drive systems change in homebuying and home-building, but it requires moving beyond a scarcity mindset toward collaboration—sharing resources, aligning efforts, and fundraising jointly. This cultural shift takes time and consistent buy-in from staff and leadership, but momentum grows as organizations see the benefits. Common challenges include securing funding and staff capacity, as well as avoiding "free rider" dynamics. BHI's approach of creating multiple workgroups to distribute responsibility provides a practical approach to sustaining collaboration.

Local regulatory and policy change

Why is this important?

Local government policies and regulations profoundly shape the environment and priorities for affordable homeownership, from regulations governing housing design and construction to the administration of housing programs and allocation of funding for development and homebuyer assistance. Actively addressing and reforming policies that create barriers and advocating for those that expand resources and support help establish a stronger enabling environment for expanding affordable homeownership opportunities for households of color.

What strategies did 3C teams pursue?

Chicago and Seattle have advocated for local policy and regulatory changes to reduce development barriers and costs for homeownership. The Los Angeles team is testing ways to implement and scale new zoning policies designed to encourage affordable housing development. Seattle has also pushed for increased public funding for affordable housing, including homeownership.

As part of Chicago's Cut the Tape initiative, 3C team members collaborated with city agencies to streamline single-family home development processes. By late 2024, several advocated improvements had been completed or were underway, including reduced design-review requirements, shorter closing timelines, expedited environmental reviews, and an environmental checklist for developers under the Chicago Lots for Working Families program.

In Los Angeles, the team is working to scale affordable homeownership development opportunities created by recent state policies that allow for expanded local ADU regulations, permitting up to four units on a single-family lot. The team is also working with local officials to shape implementation policies around for-sale ADUs and small-site development incentives. Through several demonstration projects, the team intends to highlight feasible development models under these regulations that property owners and affordable housing developers can replicate. Finally, the team is advocating at the city and county levels to expand downpayment assistance program resources and to ensure existing programs accommodate new shared ownership models.

The Seattle team partnered with local coalitions through the Housing Development Consortium to embed expanded homeownership goals, particularly for BIPOC households, into comprehensive local plans mandated by the state's Growth Management Act. Advocacy efforts have led Bellevue and Seattle to nearly double their housing capacity targets—Bellevue to 150,000 homes and Seattle to 330,000 homes over the next 20 years. Additionally, Tukwila approved comprehensive plan updates and new tools to encourage higher-density, "missing middle" homeownership. Seattle also successfully streamlined its design review process for affordable homeownership projects, significantly reducing timelines and requirements. The city of Tacoma also modified its single-family zoning through a package that took effect in 2025, known as "Home in Tacoma," which offers greater flexibility in housing types.

Reflections on the 3C experience

Regulatory and policy changes are critical to expanding affordable housing opportunities. Many of the teams advanced their enabling environment goals by building upon existing affordable housing initiatives, policy advocacy, and regulatory reform efforts already underway in their cities. Efforts to advance affordable homeownership for people of color can gain traction when they align with existing initiatives and advocacy coalitions, leveraging established momentum and credibility. Efforts to streamline development processes and increase housing density are best paired with strategies that more directly address historic racial inequities in homeownership, since greater efficiency alone does not close the homeownership gap.

State policy advocacy

Why is this important?

State government legislation, policies, and budgets significantly shape the local environment for affordable housing. State laws establish the authority and framework for local government powers, including land-use regulations, taxation, and development finance tools. State governments also implement important federal housing programs and resources, such as allocating LIHTC and utilizing the tax-exempt private activity bond cap, and establishing their own programs, policies, and funding for affordable housing, including homeownership. Furthermore, annual state budgets fund state housing programs and myriad local government activities, which impact local fiscal resources available for local affordable housing initiatives. Advocacy at the state level is essential for aligning local environments with community priorities and promoting equitable, racially just homeownership outcomes.

What strategies did 3C teams pursue?

While 3C Los Angeles tested the implementation of recent state policies, and 3C Chicago worked with a statewide housing finance agency on potential development of new state programs to support construction for homeownership, only Seattle's BHI network developed a comprehensive state policy advocacy strategy. The Housing Development Consortium (HDC), an affordable housing advocacy association representing nearly 200 organizations in Seattle/King County, leads BHI's policy strategy by convening a 125-member Network Policy Group. HDC and its partners contributed to a major win in 2023 with the passage of the Covenant Homeownership Act. (See pages 8-9 for further description.) Their efforts included drafting the bill, enlisting the former House Speaker as a champion, securing 40 legislative co-sponsors, and mobilizing BHI's network for cross-sector support that elevated Black homeownership as a regional priority.[18]

Reflections on the 3C experience

When the conditions and opportunity are ripe, a statewide policy win can dramatically increase the scale of impact. The policy wins for Seattle illuminate a few key factors that contribute to successful advocacy outcomes: first, a strong, unified voice from an extensive cross-sector network with a regional scope; next, the development and use of compelling research and data to make a persuasive case for the desired policy changes; and, finally, a sustained, multi-year effort that gradually built support, secured appropriations, and refined new programs and policies over time.

Lessons for the field

While the full impact of the 3C teams' work will not be fully understood for some time, and new learning will continue to emerge as teams gain more experience and adapt to new challenges, several valuable lessons for the field are already evident from the 3C work to date.

1 Coordinating efforts across the buyer and housing supply pipelines is vital to achieving homeownership outcomes.

Without this alignment, practitioners risk falling short of their goals, either by developing affordable homes that are ultimately purchased by households outside their target populations or by preparing BIPOC buyers who are then unable to find homes they can afford. Chicago's work demonstrates the potential and benefits of a coordinated approach: ensuring a supply of affordable housing is available for target buyers while simultaneously cultivating a pipeline of purchase-ready buyers with access to the capital needed for ownership.

2 Organizing the buyer pipeline for racially excluded households around the "homebuyer journey" increases its effectiveness.

Developing a buyer pipeline that follows a sequenced pathway, with services tailored to each stage of the homebuying process and responsive to the experiences of racially marginalized communities,

[18] Additional successes from state policy advocacy include: (a) passage of a condominium liability reform bill to clarify standards and consumer protections for condominiums, addressing a barrier to development; (b) reductions in parking requirements for new housing development; (c) securing budget appropriations to fund a plan to scale home production and a study on insurance costs for permanently affordable condominiums; and (d) increased funding for the state Housing Trust Fund, including allocations for homeownership production and infrastructure projects linked to housing development.

helps ensure that potential buyers receive appropriate support. An effective buyer pipeline process must address a range of systemic barriers, including support for homeowners after they purchase a home, while remaining flexible enough to meet buyers wherever they are on their journey.

3 Engaging trusted messengers and building relationships is crucial for reaching and engaging potential homebuyers.

Shifting mindsets and expectations is often needed to convince people of color that homeownership is possible, desirable, and worthwhile, especially in light of the past trauma associated with exclusionary and predatory practices. This requires proactive outreach to identify potential buyers, as opposed to serving people who "walk through the door," and working with trusted parties who have established relationships with targeted homebuyers. Seattle's focus on buyer outreach with faith-based organizations and Black Realtists exemplifies this approach.

4 Improving coordination and alignment of services helps bring more buyers into the pipeline and promises more successful outcomes.

Many communities have multiple organizations offering counseling and assistance to homebuyers, but these services are often fragmented and lack a shared set of goals and priorities. Chicago and Seattle have created and/or strengthened collaborative structures to align service delivery, manage referrals, and track progress toward shared goals.

5 Developing innovative financing tools and securing new and larger subsidies are essential to address the high cost of homeownership.

Chicago, Los Angeles, and Seattle have all recognized this need and taken steps to create new development models, financial products and tools, and funding sources to address this issue. Chicago and Seattle have successfully increased access to higher levels of down payment assistance, while Chicago and Los Angeles are implementing new mortgage products to support affordable home purchases. Seattle is advocating for new and expanded state and local funding for affordable homeownership subsidies, and Chicago is exploring NMTCs as a subsidy source. Effective financing systems for affordable homeownership need to deploy a combination of these tools at scale, including high levels of down payment assistance, lower-cost debt products, and sizeable development cost subsidies.

6 Seeking out and capitalizing on opportunities created by public policy changes and priorities can accelerate progress on homeownership.

In response to the housing supply and affordability crisis, state and local leaders are placing greater emphasis on affordable housing and adopting policies to enable and incentivize housing development. These policy shifts create opportunities for local stakeholders and community organizations to test and advance new approaches to homeownership, implement system changes, and access additional funding. The Los Angeles team is testing and scaling more affordable homeownership models made possible by recent state zoning reforms. Chicago successfully leveraged a mayoral initiative to streamline several city processes and regulations. Both Chicago and Los Angeles also demonstrate the potential to tap into underutilized federal programs, such as the Housing Choice Vouchers, an often-overlooked but effective tool for subsidizing homeownership among low-income households.

7 Building broad-based and aligned advocacy efforts is often needed to improve the system.

Broad-based and aligned advocacy efforts are often necessary to address regulatory barriers, enable new homeownership development options, and expand funding and subsidies for LMI households. Seattle's BHI demonstrates the potential for an extensive cross-sector network or coalition to secure significant state and local policy and funding changes that advance homeownership opportunities for people of color.

Taken together, these lessons reinforce the Capital Absorption Framework's central insight: real progress occurs when buyer supports, housing supply, financing, policy, and advocacy function as an integrated system rather than as isolated workstreams. The 3C sites' experience demonstrates that aligning coordinated pipelines, trusted-messenger outreach, innovative financing tools, and broad policy coalitions generates the feedback loops, momentum, and scale needed to close racial homeownership gaps. As the 3C teams continue to advance their strategies, the field can draw on this holistic lens to design interventions that act in concert and deliver durable, scalable results.