

Building Black Wealth

FOUNDING TEAM



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In partnership with One City Schools

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Wealth Gap

Historical Context

Racial Disparities in Homeownership

Own It

Since the Fair Housing Act in 1968, the gap between Black and white homeownership has increased, not decreased.

Wait, what?

SOME STATISTICS

Median Household Wealth by Race

In 2019, the median white household held $188,200 in wealth - 7.8 times that of the typical Black household ($24,100).

White: $188,200

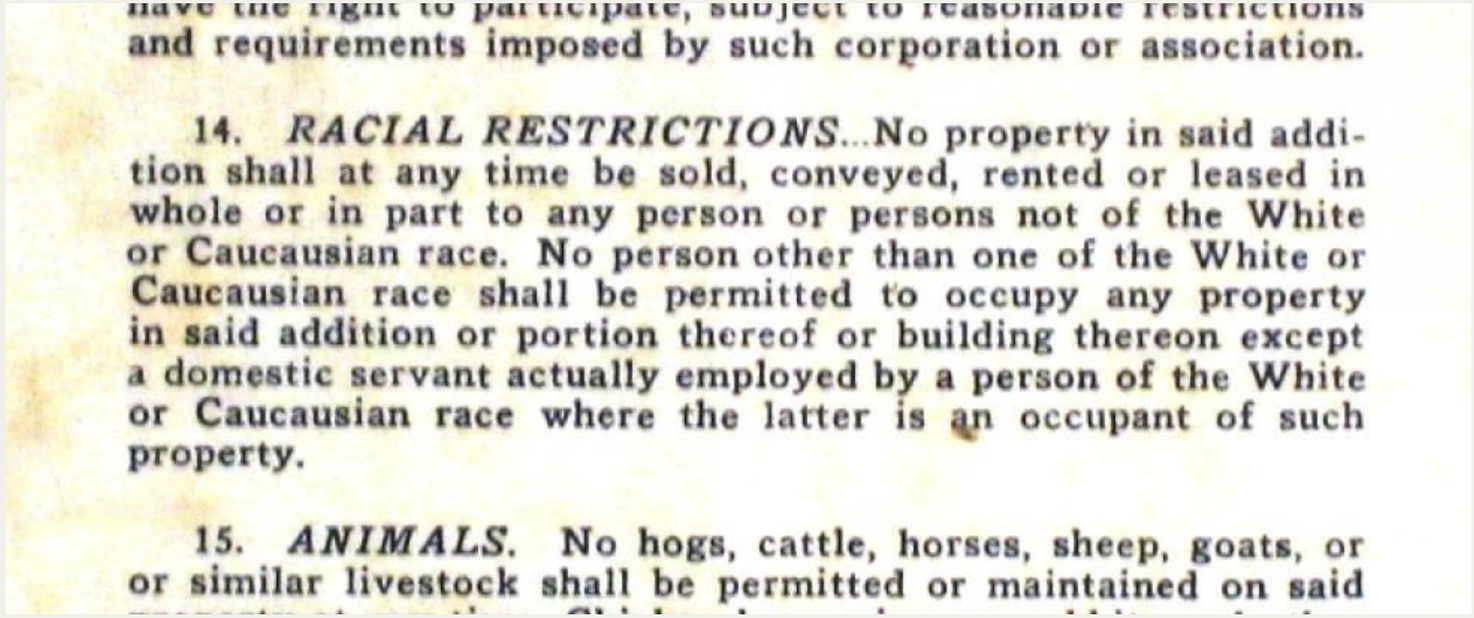
Hispanic: $36,100

Black: $24,100

Source : Federal Reserve Board, 2019 Survey of Consumer Finances

Historical Context

- **1906 - First known racially-restrictive covenant (RRC) in Madison** states, “None of said lots shall be conveyed to, used, owned, nor occupied by a Negro as one or more tenant.” This was four years before the first-known RRC in Minneapolis, and ten years before any in Chicago.
- **1920s - RRCs were used in new developments across the city** (such as West Lawn and Maple Bluff) at a time of high Klan activity, with mass marches downtown and cross burnings on Madison’s lakes.



have the right to participate, subject to reasonable restrictions and requirements imposed by such corporation or association.

14. *RACIAL RESTRICTIONS*...No property in said addition shall at any time be sold, conveyed, rented or leased in whole or in part to any person or persons not of the White or Caucausian race. No person other than one of the White or Caucausian race shall be permitted to occupy any property in said addition or portion thereof or building thereon except a domestic servant actually employed by a person of the White or Caucausian race where the latter is an occupant of such property.

15. *ANIMALS.* No hogs, cattle, horses, sheep, goats, or or similar livestock shall be permitted or maintained on said

Historical Context

- **1930s -** In 1931, homeowners in Nakoma (like UW President Conrad Elvehjem and city engineer John Icke) approved a covenant stating, “No part of these premises shall ever be owned or occupied by any person of the Ethiopian race.” The Federal government then worked with local realtors to create maps of mortgage risk that “redlined” neighborhoods with diverse populations as “high risk” and encouraged other neighborhoods to segregate with RRCs (like those in Crestwood and Sunset Village) that often banned all non-Whites or (as in the case of Westmorland) banned Blacks and Italians.

- **1933 - Redlining created by Home Owners Loan Corp.**

- **1940s/50s - The Federal Government (through programs like the FHA, VA and GI Bill) backed $120 billion of home loans (98% of which went to White buyers).** In 1948, the Supreme Court ruled that RRCs were unenforceable but they remained on the books and were still included in new Madison-area developments through the 1950s, and they existed in at least 27 neighborhoods (and probably many more).

Historical Context

- **Between 1940 and 1960,** the nation's homeownership rate increased from 44% to 62%.

- **1968 - Redlining outlawed - Fair Housing Act passed.**
  RRCs were only finally outlawed with the passage of the Fair Housing Act, but by this point the wealth gap between Whites and non-Whites was well-established, with the average White household now having ten times the wealth of the average Black household.

- **1977 - Community Reinvestment Act passed**

- **2008 - Predatory lending -** marketed to consumers (high number of communities of color) without adequate information or preparation and sometimes using fraudulent information.

OWN IT: BUILDING BLACK WEALTH

Our mission is to empower, educate, and guide Black families in building household wealth through education and real estate homeownership. We do this through advocacy, education, and addressing systemic racism in the real estate, banking, and financial industries.

TWO-PART INITIATIVE

EDUCATIONAL PROGRAM

Wealth Building and Homeownership courses for One City families, alumni, and staff - for free.

DOWN PAYMENT FUNDS

Down payment funds of $15,000, per family.

Access to money is one of the biggest barriers to homeownership.

- DPAs - down payment assistance programs
    - Fair Housing Act - it is illegal to offer raced-based funding

Understanding Down Payment Programs and Family Gifting

Common restrictions for down payment assistance programs (DPAs):

- Income restrictions. For low to moderate income families.
- Sales price limitations.
- Location based – only available for homes in certain areas.
- Payback rules/regulations based on how long you occupy the home.
- Additional inspections/testing required and repairs to be made and paid for prior to closing.

What would it look like if the
community
became the family wealth that
Black families have been denied?

Representation matters

Education Program

Partnership with One City Schools

Changing the narrative

Down Payment Grant

Removing restrictions

Challenging the system

Real Estate Fund-Producing Model

Partner with local Realtors,
Brokers, Banks, Credit Unions

Own It

EDUCATION FOR FAMILIES

- Wealth Building course, for free, followed by a Homeownership course (required for the grant application).

- Cohorts offered after the completion of the financial literacy course - with wrap around support, mentorship, connections.
    - Financial literacy cohort (budget, building/repairing credit)
    - Post closing cohorts: home maintenance/improvements, energy efficiency, learning about equity, taxes, insurance, access to network of contractors.

- Curriculum incorporates a racial justice framework.

FUNDS FOR DOWN PAYMENT

- Families/staff can apply for the $15,000 grant once they've completed the wealth building and homeownership courses.

- Upon approval, down payment funds will be awarded to the families and earmarked for nine months, contingency free, while they search and negotiate on a property to purchase. Funds then transferred directly to the title company prior to close.

- Specific for first time homebuyers (haven’t owned in the past 3 years) for the purchase of an owner-occupied single family or a two-unit home.

WHY ONE CITY SCHOOLS

Partnership with a purpose

Race-based gifting is against fair housing laws. 85% of families enrolled at One City Schools are families of color.

Education is a main tenent to the program.

One City Schools has a Two-Generation Model - "we work alongside our families to address their personal, family and professional needs and aspirations, to the extent we are able and is appropriate.”

AS OF MARCH 2023...

"Thank you everyone for this great opportunity! As a single mom, this grant means a lot to me and my family. The OWN IT program has taught me so much about building and maintaining wealth. I can't wait to become a new homeowner this summer for the first time ever!"
- Raghiatou B., OWN IT Grant Recipient





$400,000+ has been raised so far for the down payment fund!

126 families completed the wealth building course.
55 families completed the homeownership course.
12 families applied and were approved for the $15,000 grant.
8 families have used the grant to purchase homes.

Next course offered is in April 2023.
Next application window is in July 2023.

WHERE DOES THE MONEY COME FROM?

Calendar Contributions from community members, organizations, corporations, real estate brokers, banks, credit unions, legacy gifts, financial institutions. **(Fundraising)**

Transactional Contributions based on real estate sales from home sellers, buyers, Realtors, Lenders, Inspectors, Title Companies, Insurance Agents, Appraisers. **(Fund-producing)**

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HOW DOES THE AMBASSADOR PROGRAM WORK?

The vision is for the AMBASSADOR PROGRAM to grow to include Realtors, Lenders, Financial Institutions and Banks, Inspectors, Appraisers, Title Companies, Insurance Agents.

- It’s easy!
- You’ll be listed on the OWN IT website
- Monthly email reminders to contribute
- Access to marketing materials to share with clients
- Connect with other like-minded real estate professionals
- Be part of the solution

HELPFUL RESOURCES

- Website: OWN IT: Building Black Wealth
- Click here to contribute. (Thank you!)
- Article: Ambitious “Own it: Building Black Wealth” program launches to spur Black home ownership in Madison
- More resources to learn more about the impact of the real estate, banking, finance industries on the Black community.