

Thank you for affording me the opportunity to speak before the Financial Services Committee on the impact investors are having on the affordable housing market.

My name is Shad Bogany. I have over 40 years of experience helping families purchase their first home. During those 40 years, I have been an advocate crusading for families thru community involvement. I have served as Chairman of Texas Realtors and Chairman of Houston Association, Chair of Houston Urban league, Board member Texas Department of Housing and community affairs, and Currently President of Fort bend housing corporation.

The radio show that I started 32 years ago, focused on educating and encouraging would-be home buyers on the availability of financial mortgage products, housing opportunities, and benefits of being a first-time homeowner. My message "You can be a homeowner!" Recently, that conversation has changed. The discussions now are about Institutional investors buying up housing and competing with first-time home buyers for the limited housing inventory. More alarming investors are targeting minority neighborhoods since historically they are undervalued or lower-priced, driving up prices for residents, making the American dream of homeownership for this population unachievable.

Home buyers are having to compete with investors that are paying cash and offering over the list price resulting in an increase in investor purchases. In Houston, 40% of the buyers are investors, and 52% are in the Dallas area. This is creating a generation of renters that will miss out on the benefits of homeownership, the ability to create wealth, and stabilized communities. The risks today, should Investors liquidate their massive real estate holdings, will be a decrease in property values causing subdivisions to decline, and an increase in crime. Loss of tax base for municipalities and lastly development of new ghettos created from "rent-only subdivision"

This trend started when congress incentivized investors in the rental market and made homeownership equal to renting by lower the tax benefits of homeownership. Homeownership amongst Black Americans has been declining in recent years; the lowest of any ethnic group. By increasing the percentage of renters in the black communities the institutional investors are creating a modern-day "sharecropping" colony governed by 21st-century Jim crow laws. 1968 supreme court case established that housing discrimination is a badge of slavery.

It reminds me of my ancestor's history over 100 years ago, you live on the land and have a place to stay but all your hard work and money goes to benefit someone else. Connecting with our past and learning from policies that are suppressive paves the way for a future free from housing discrimination.

That future is not here yet.

Now investors are requiring higher credit scores in rental than what lenders require for a home mortgage. Minorities typically have more "nontraditional" credit which the FICO credit scoring system doesn't consider. The latest Jim Crow.

Recently, in Denton Texas, a Homeowners association passed bylaws that ban landlords from renting to families that are on housing vouchers. Modern-day redlining.

Not only does the black community miss the opportunity to benefit from intergenerational wealth homeownership offers; they are being pushed out of the rental market, driven to less desirable areas of high poverty and crime or worse becoming homeless.

Congress, we need you to act and be our champion.

Mandate that all foreclosures, fannie mae, freedie mac, ginnie mae stipulate they are offered to first time home buyers like Homepath.

Create tax incentives for sellers when their property is sold to the first home buyer.

Waive the FHA 90-day flipping rule. This would allow first-time homebuyers access to more inventory and better financing terms.

HUD manages the largest rental assistance program, the housing choice voucher program(HCV) . Over 80% of the families on the HCV program are African Americans. We are all familiar how HCV assists in leasing a home, but most are completely unaware that families could purchase a home instead, using that same voucher. I personally have had tremendous success transitioning these families to homeownership and in high opportunity neighbors. This needs to be expanded on a national scale. The bottom line we can't tell sellers who to sell their homes too, but we can encourage them and incentivize them to sell to first-time home buyers. I appreciate this opportunity to shine a light on where the tire meets the road in your districts.

Resources

The article below is about change in the 2017 tax law reform passed by congress

<https://www.forbes.com/sites/forbesbusinesscouncil/2021/05/24/exploring-the-tax-benefits-of-real-estate-investing/?sh=146231b553ff>

from the 1968 court case

At the end of its term in June of that year the Court ruled 7-2 that U.S. Code Section 1982 did indeed protect the Joneses' right to purchase the property. Justice Potter Stewart wrote for the majority, "We hold that § 1982 bars all racial discrimination, private as well as public, in the sale or rental of property, and that the statute, thus construed, is a valid exercise of the power of Congress to enforce the Thirteenth Amendment." Reviewing the legislative history of Section 1982, Stewart explained that

The Thirteenth Amendment authorized Congress to do more than merely dissolve the legal bond by which the Negro slave was held to his master; it gave Congress the power rationally to determine what are the badges and the incidents of slavery and the authority to translate that determination into effective legislation...Whatever else they may have encompassed, the badges and

incidents of slavery that the Thirteenth Amendment empowered Congress to eliminate included restraints upon those fundamental rights which are the essence of civil freedom, namely, the same right . . . to inherit, purchase, lease, sell and convey property, as is enjoyed by white citizens.

EPLY

What is HomePath?

HomePath is the name we use to market and sell Fannie Mae's real estate owned (REO) properties. HomePath homes are listed for sale on HomePath.com, complete with photos, detailed descriptions, and resources like financing options to help homebuyers navigate the purchase process. Our goal is to support neighborhood stabilization, which includes prioritizing sales to owner occupants and selling properties in a timely manner to promote stability and minimize the impact to the local community.
