Wells Fargo announces initiative to boost black homeownership

According to the U.S. Census Bureau, black Americans will represent 17 percent of new households by 2024.

Unfortunately, black Americans — along with other communities of color — face a number of barriers to homeownership that include lack of access to affordable homes, depreciating home values in communities of color and higher home loan denial rates.

Wells Fargo, in conjunction with the National Association of Real Estate Brokers (NAREB), has announced an initiative to break down these barriers and create at least 250,000 new black homeowners by 2027 through three specific actions:

- Lend $60 billion to qualified black homebuyers by 2027
- Increase the diversity of the Wells Fargo Home Lending team
- Support the effort with $15 million dedicated to financial education and counseling courses

"Wells Fargo's $60 billion lending goal can contribute to economic growth by making responsible homeownership possible for more African Americans in communities across the country," said Brad Blackwell, executive vice president and head of housing policy and homeownership growth strategies for Wells Fargo, in a statement.

“We are proud to be the first mortgage lender to make a public commitment to help increase African-American homeownership. And, we are grateful for the support of key housing and civil rights organizations, who work alongside us to increase economic prosperity in our communities.”

NAREB President Ron Cooper says Wells Fargo’s move is an integral part in helping the association meet its “2 Million New Black Homeowners in 5 Years” goal, which reflects statistics that show 90 percent of African-Americans say owning a home would be a “dream come true.”

“NAREB applauds Wells Fargo’s $60 billion loan commitment. The bank is the first financial institution to acknowledge publicly Black Americans’ wealth-building potential which could be greatly improved through homeownership,” said Cooper.

“NAREB welcomes their entry into the struggle to close the ever-widening wealth gap for Black Americans, and looks forward to having Wells Fargo as a partner in NAREB’s ‘2 Million New Black Homeowners in 5 Years’ program. Let us all work together and grow this initiative which represents a solid and meaningful start for more Black Americans to become homeowners and wealth-builders.”

In 2016, the association commissioned a study that revealed current credit-scoring models, lack of affordable housing, unemployment and under-employment and lack of access to mortgage credit among other things are the main barriers to homeownership for blacks.

This is the second homeownership commitment Wells Fargo has made in the last two years — in 2015, the bank teamed up with the National Association of Hispanic Real Estate Professionals to support its Hispanic Wealth Project.

Both commitments have come on the heels of Wells Fargo coming under fire for mismanaging repossessed properties in communities of color in 2012 and 2013.

“Wells Fargo doesn’t have a perfect track record in the fair housing realm,” noted a report by Inman writer Teke Wiggin.

“In 2013, Wells Fargo agreed to pay $42 million to settle a complaint filed in April 2012 by the National Fair Housing Alliance (NFHA) that alleged that Wells Fargo maintained and marketed its repossessed properties in white neighborhoods better than it did it in minority neighborhoods. ”

Email Marian McPherson

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