

117TH CONGRESS
1ST SESSION

H. R. 4495

To provide downpayment assistance to first-generation homebuyers to address multigenerational inequities in access to homeownership and to narrow and ultimately close the racial homeownership gap in the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2021

Ms. WATERS (for herself, Mr. GREEN of Texas, Ms. PRESSLEY, Mr. GARCÍA of Illinois, Ms. GARCIA of Texas, Mrs. AXNE, Mr. CLEAVER, Ms. VELÁZQUEZ, Mr. LAWSON of Florida, Ms. OCASIO-CORTEZ, Ms. TLAIB, Mr. TORRES of New York, Ms. WILLIAMS of Georgia, Mr. AUCHINCLOSS, Mr. LIEU, Ms. LEE of California, Mr. SIRES, Ms. CLARKE of New York, Mr. EVANS, Mr. ESPAILLAT, Ms. MOORE of Wisconsin, Mr. BLUMENAUER, Ms. NORTON, Mr. BOWMAN, Ms. ROSS, Ms. SCHAKOWSKY, Ms. SÁNCHEZ, and Mr. VICENTE GONZALEZ of Texas) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide downpayment assistance to first-generation homebuyers to address multigenerational inequities in access to homeownership and to narrow and ultimately close the racial homeownership gap in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Downpayment Toward
3 Equity Act of 2021”.

4 **SEC. 2. FIRST-GENERATION DOWNPAYMENT ASSISTANCE**
5 **DOWNPAYMENT PROGRAM.**

6 (a) **ESTABLISHMENT.**—The Secretary of Housing
7 and Urban Development shall carry out a program under
8 this Act to provide grants to States and eligible entities
9 to provide financial assistance under this Act to first-gen-
10 eration homebuyers to assist them with acquiring owner-
11 occupied primary residences.

12 (b) **ALLOCATION.**—After reserving amounts as re-
13 quired under sections 6(d) and 8(b), any remaining
14 amounts made available to carry out this Act shall be allo-
15 cated as follows:

16 (1) **STATES.**—75 percent of such amounts shall
17 be allocated among States in accordance with a for-
18 mula established by the Secretary, which shall take
19 into consideration—

20 (A) adult population size (excluding exist-
21 ing homeowners);

22 (B) median area home prices; and

23 (C) racial disparities in homeownership
24 rates.

1 (2) ELIGIBLE ENTITIES.—25 percent of such
2 amounts shall be made available only to eligible enti-
3 ties on a competitive basis.

4 (c) ASSISTANCE.—Amounts from a grant under this
5 Act shall be used only to provide assistance—

6 (1) on behalf of a qualified homebuyer; and

7 (2) for—

8 (A) costs in connection with the acquisi-
9 tion, involving an eligible mortgage loan, of an
10 eligible home, including downpayment costs,
11 closing costs, and costs to reduce the rates of
12 interest on eligible mortgage loans;

13 (B) for subsidies to make shared equity
14 homes affordable to eligible homebuyers by dis-
15 counting the price for which the home will be
16 sold and to preserve the home's affordability for
17 subsequent eligible buyers; and

18 (C) for pre-occupancy home modifications
19 required to accommodate qualified homebuyers
20 or members of their household with disabilities.

21 (d) AMOUNT.—A grant of assistance under this
22 Act—

23 (1) may be provided on behalf of any qualified
24 homebuyer only once; and

1 (2) may not exceed \$20,000, or \$25,000 in the
2 case of a qualified homebuyer who is a socially and
3 economically disadvantaged individual, except that
4 the Secretary may increase such maximum limita-
5 tion amounts in the case of qualified homebuyers ac-
6 quiring residences located in high-cost areas, as de-
7 termined based on median home prices or prices of
8 residences under a shared equity homeownership
9 program.

10 (e) LAYERING OF ASSISTANCE.—Assistance from
11 grant amounts under this Act may be provided on behalf
12 of a qualified homebuyer who is receiving assistance from
13 other sources, including other State, Federal, local, pri-
14 vate, public, and nonprofit sources, for acquisition of an
15 eligible home.

16 (f) STATE ADMINISTRATION.—

17 (1) IN GENERAL.—The Secretary shall require
18 that each State receiving grant amounts under this
19 Act administer the program to provide assistance
20 with such amounts through the State housing fi-
21 nance agency for the State or such other housing
22 agency of the State as the Secretary finds appro-
23 priate, except that any such agency may, at the op-
24 tion of the agency, contract with a nonprofit entity,

1 including a housing counseling agency approved by
2 the Secretary, to administer such assistance.

3 (2) AFFIRMATIVELY FURTHERING FAIR HOUS-
4 ING.—For a State to be eligible for a grant under
5 this Act, the State shall be in compliance with the
6 Secretary’s regulations implementing the require-
7 ment under section 808(e)(5) of the Fair Housing
8 Act (42 U.S.C. 3608(e)(5)) to affirmatively further
9 fair housing.

10 (3) PROHIBITION OF PRIORITY.—In selecting
11 qualified homebuyers for assistance with grant
12 amounts under this Act, a State or eligible entity
13 may not provide any priority or preference for home-
14 buyers who are acquiring eligible homes with a mort-
15 gage loan made, insured, guaranteed, or otherwise
16 assisted by the State housing finance agency for the
17 State, any other housing agency of the State, or an
18 eligible entity when applicable.

19 (g) REALLOCATION OF STATE AMOUNTS.—The Sec-
20 retary shall reallocate any grant funds under this Act allo-
21 cated for a fiscal year that remain unused at the end of
22 such fiscal year among States and eligible entities that
23 demonstrate to the Secretary the capacity to expend such
24 amounts and that are satisfactorily meeting the goals of

1 the program under this Act, as determined by the Sec-
2 retary.

3 (h) UNIFORMITY AND PROGRAM STANDARDIZA-
4 TION.—The Secretary shall establish a uniform set of re-
5 quirements to which each State and eligible entity receiv-
6 ing grant amounts under this Act shall comply.

7 **SEC. 3. QUALIFIED HOMEBUYERS.**

8 (a) REQUIREMENTS.—Assistance from grant
9 amounts under this Act may be provided only on behalf
10 of a homebuyer who meets all of the following require-
11 ments:

12 (1) INCOME.—The household of the homebuyer
13 has an income that does not exceed—

14 (A) 120 percent of median income for the
15 area (as determined by the Secretary) within
16 which—

17 (i) the eligible home to be acquired
18 using such assistance is located; or

19 (ii) the place of residence of the home-
20 buyer is located; or

21 (B) in the case of a homebuyer acquiring
22 an eligible home that is located in a high-cost
23 area, as determined by the Secretary, 180 per-
24 cent of the median income for the area within

1 which the eligible home to be acquired using
2 such assistance is located; and

3 (2) **FIRST-TIME HOMEBUYER.**—The homebuyer,
4 as self-attested by the homebuyer, is a first-time
5 homebuyer, as such term is defined in section 92.2
6 of the Secretary’s regulations (24 C.F.R. 92.2), ex-
7 cept that for purposes of this subsection the ref-
8 erence in such section 92.2 to the American Dream
9 Downpayment Initiative shall be considered to refer
10 to the program under this Act.

11 (3) **FIRST-GENERATION HOMEBUYER.**—The
12 homebuyer is, as self-attested by the homebuyer—

13 (A) an individual—

14 (i) whose parents or legal guardians
15 do not have any present residential owner-
16 ship interest in any State; and

17 (ii) whose spouse, or domestic part-
18 ner, and each member of whose household
19 has not, during the 3-year period ending
20 upon acquisition of the eligible home to be
21 acquired using such assistance, had any
22 present ownership interest in a principal
23 residence in any State; or

24 (B) an individual who has at any time
25 been placed in foster care.

1 (b) RELIANCE ON BORROWER ATTESTATIONS.—No
2 creditor shall be subject to liability, including monetary
3 penalties or requirements to indemnify a Federal agency
4 or repurchase a loan that has been sold or securitized, for
5 the provision of downpayment assistance under this Act
6 to a borrower who does not meet the eligibility require-
7 ments if the creditor does so in good faith reliance on bor-
8 rower attestations of eligibility required by this Act or reg-
9 ulation.

10 **SEC. 4. ELIGIBLE HOMES.**

11 (a) IN GENERAL.—Assistance from grant amounts
12 under this Act may be provided only in connection with
13 the acquisition by a qualified homebuyer of a residential
14 property that—

15 (1) consists of 1 to 4 dwelling units; and

16 (2) will be occupied by the qualified homebuyer,
17 in accordance with such assurances and commit-
18 ments as the Secretary shall require, as the primary
19 residence of the homebuyer, subject to section 3.

20 (b) REPAYMENT OF ASSISTANCE.—

21 (1) REQUIREMENT.—The Secretary shall re-
22 quire that, if a homebuyer on behalf of whom assist-
23 ance is provided from grant amounts under this Act
24 fails or ceases to occupy the property acquired using
25 such assistance as the primary residence of the

1 homebuyer, except in the case of assistance is pro-
2 vided in connection with the purchase of a primary
3 residence through a shared equity homeownership
4 program, the homebuyer shall repay to the Sec-
5 retary—

6 (A) 100 percent of the amount of such as-
7 sistance, if such failure to occupy commences
8 before the expiration of the 12-month period be-
9 ginning on the date of acquisition;

10 (B) 80 percent of the amount of such as-
11 sistance, if such failure to occupy commences
12 after the expiration of the 12-month period be-
13 ginning on such date of acquisition but before
14 the expiration of the 24-month period beginning
15 on such date of acquisition;

16 (C) 60 percent of the amount of such as-
17 sistance, if such failure to occupy commences
18 after the expiration of the 24-month period be-
19 ginning on such date of acquisition but before
20 the expiration of the 36-month period beginning
21 on such date of acquisition;

22 (D) 40 percent of the amount of such as-
23 sistance, if such failure to occupy commences
24 after the expiration of the 36-month period be-
25 ginning on such date of acquisition but before

1 the expiration of the 48-month period beginning
2 on such date of acquisition; and

3 (E) 20 percent of the amount of such as-
4 sistance, if such failure to occupy commences
5 after the expiration of the 48-month period be-
6 ginning on such date of acquisition but before
7 the expiration of the 60-month period beginning
8 on such date of acquisition.

9 (2) LIMITATION.—Notwithstanding paragraph
10 (1), if a homebuyer on behalf of whom assistance is
11 provided from grant amounts under this Act experi-
12 ences an unforeseen hardship, such as death or mili-
13 tary deployment, or sells the property acquired with
14 such assistance before the expiration of the 60-
15 month period beginning on such date of acquisition
16 and the capital gains from such sale are less than
17 the amount the homebuyer is required to repay the
18 Secretary under paragraph (1), the homebuyer shall
19 not be liable to the Secretary for repayment of the
20 amount of such shortage.

21 (c) COMMUNITY LAND TRUSTS AND SHARED EQUITY
22 HOMEOWNERSHIP PROGRAMS.—If assistance from grant
23 amounts under this Act are provided in connection with
24 an eligible home made available through a community land
25 trust or shared equity homeownership program, such as-

1 sistance shall remain in the community land trust or
2 shared equity property upon transfer of the property to
3 keep the home affordable to the next eligible community
4 land trust or shared equity homebuyer.

5 **SEC. 5. ELIGIBLE MORTGAGE LOANS.**

6 Assistance from grant amounts under this Act may
7 be provided only in connection with the acquisition of an
8 eligible home involving a residential mortgage loan that—

9 (1) meets the underwriting requirements and
10 dollar amount limitations for acquisition by the Fed-
11 eral National Mortgage Association or the Federal
12 Home Loan Mortgage Corporation;

13 (2) is made, insured, or guaranteed under title
14 II of the National Housing Act (12 U.S.C. 1707 et
15 seq.) or title V of the Housing Act of 1949 (42
16 U.S.C. 1471 et seq.);

17 (3) is a qualified mortgage, as such term is de-
18 fined in section 129C(b)(2) of the Truth in Lending
19 Act (15 U.S.C. 1639c(b)(2));

20 (4) is made, insured, or guaranteed under chap-
21 ter 37 of title 38, United States Code; or

22 (5) is guaranteed under section 184 of the
23 Housing and Community Development Act of 1992
24 (12 U.S.C. 1715z–13a).

1 **SEC. 6. HOUSING COUNSELING REQUIREMENT.**

2 (a) IN GENERAL.—Except as provided pursuant to
3 section 3, assistance with grant amounts under this Act
4 may not be provided on behalf of qualified homebuyer un-
5 less such homebuyer has completed a program of coun-
6 seling with respect to the responsibilities and financial
7 management involved in homeownership before entering
8 into a sales purchase agreement or loan application, except
9 as provided under subsection (c), as the Secretary shall
10 require, provided through a counseling agency approved
11 by the Secretary. Such program may be delivered virtually,
12 by telephone, or any other method the Secretary deter-
13 mines acceptable and shall include providing information
14 on fair housing rights and on the availability of post-pur-
15 chase housing counseling opportunities and instruction on
16 how to file a fair housing complaint.

17 (b) ALTERNATIVE REQUIREMENT.—The Secretary
18 shall provide that if a qualified homebuyer is unable to
19 complete the requirement under subsection (a) within 30
20 days due to housing counseling agency capacity issues, a
21 State or eligible entity may allow such qualified home-
22 buyer to complete alternative homebuyer education to ful-
23 fill the requirement under subsection (a), including home-
24 buyer education that is provided through an online plat-
25 form, and such qualified homebuyer shall be made aware

1 of the availability of post-purchase housing counseling op-
2 portunities.

3 (c) REFERRAL UPON MORTGAGE DENIAL.—The Sec-
4 retary shall require that any qualified homebuyer who has
5 completed a counseling program referred to in subsection
6 (a) or alternative requirement pursuant to subsection (b),
7 who receives a commitment for assistance with grant
8 amounts under this Act and who applies for an eligible
9 mortgage loan for acquisition of an eligible home and is
10 denied such mortgage loan, shall be referred to a coun-
11 seling agency described in subsection (a) for counseling
12 relating to such denial and for re-qualification. An eligible
13 homebuyer may be re-qualified at least one additional time
14 in a calendar year, or more as determined by the Sec-
15 retary.

16 (d) FUNDING.—Of any amounts appropriated to
17 carry out this Act, the Secretary shall use not less than
18 5 percent for costs of providing counseling referred to in
19 subsection (a).

20 **SEC. 7. ADMINISTRATIVE COSTS.**

21 Of any grant amounts under this Act received by a
22 State or eligible entity, the State or eligible entity may
23 use not more than 5 percent for administrative costs of
24 and training for carrying out the program of the State

1 or eligible entity to provide assistance with such grant
2 amounts.

3 **SEC. 8. REPORTS.**

4 (a) IN GENERAL.—For each fiscal year during which
5 the Secretary makes grants under this Act, the Secretary
6 shall submit to the Congress, and make publicly available
7 online in an easily accessible location on the website of
8 the Department, a report that shall include—

9 (1) demographic information regarding appli-
10 cants for and recipients of assistance provided pur-
11 suant to this Act, including race, ethnicity, and gen-
12 der;

13 (2) information regarding the types and amount
14 of assistance provided, including downpayment as-
15 sistance, assistance with closing costs, and assist-
16 ance to reduce mortgage loan interest rates;

17 (3) information regarding properties acquired
18 using such assistance, including location, property
19 value, property type, and first mortgage type and in-
20 vestor.

21 All data shall be disaggregated by zip code or census tract
22 level, whichever is most feasible, and demographic infor-
23 mation, including race, ethnicity, and gender, and any
24 other data points the Secretary deems appropriate espe-

1 cially to observe equitable outcomes to ensure the program
2 is affirmatively furthering fair housing.

3 (b) CAPACITY BUILDING.—Of any amounts appro-
4 priated to carry out this Act, the Secretary shall use not
5 more than 1 percent to assist States and eligible entities
6 to develop capacity to meet the reporting requirements
7 under subsection (a). The Secretary shall encourage
8 States and eligible entities to consult with community-
9 based and nonprofit organizations that have as their mis-
10 sion to advance fair housing and fair lending.

11 (c) PRIVACY REQUIREMENTS.—

12 (1) IN GENERAL.—Each State and eligible enti-
13 ty that receives a grant under this Act shall estab-
14 lish data privacy and security requirements for the
15 information described in subsection (a) that—

16 (A) include appropriate measures to ensure
17 that the privacy of the individuals and house-
18 holds is protected;

19 (B) provide that the information, including
20 any personally identifiable information, is col-
21 lected and used only for the purpose of submit-
22 ting reports under subsection (a); and

23 (C) provide confidentiality protections for
24 data collected about any individuals who are

1 survivors of intimate partner violence, sexual
2 assault, or stalking.

3 (2) STATISTICAL RESEARCH.—

4 (A) IN GENERAL.—The Secretary—

5 (i) may provide full and unredacted
6 information provided under subsection (a),
7 including personally identifiable informa-
8 tion, for statistical research purposes in ac-
9 cordance with existing law; and

10 (ii) may collect and make available for
11 statistical research, at the census tract
12 level, information collected under para-
13 graph (1).

14 (B) APPLICATION OF PRIVACY REQUIRE-
15 MENTS.—A recipient of information under sub-
16 paragraph (A) shall establish for such informa-
17 tion the data privacy and security requirements
18 described in paragraph (1).

19 **SEC. 9. COMPELLING INTEREST STUDY.**

20 The Secretary and the Attorney General shall survey
21 and compile evidence to determine whether or not there
22 is a sufficient history of discrimination in housing and the
23 appropriate remedy to redress such historic discrimina-
24 tion. The Secretary shall make conclusions and rec-
25 ommendations based on the evidence and provide States

1 and eligible entities granted awards under this Act an op-
2 portunity to modify their programs for assistance under
3 this Act according to such recommendations.

4 **SEC. 10. DEFINITIONS.**

5 For purposes of this Act, the following definitions
6 shall apply:

7 (1) **AFFIRMATIVELY FURTHER FAIR HOUS-**
8 **ING.**—The term “affirmatively further fair housing”
9 has the same meaning as defined by the Secretary
10 to implement section 808(e)(5) of the Fair Housing
11 Act (42 U.S.C. 3608(e)(5)).

12 (2) **COMMUNITY LAND TRUST.**—The term
13 “community land trust” means a nonprofit organi-
14 zation or State or local governments or instrumen-
15 talities that—

16 (A) use a ground lease or deed covenant
17 with an affordability period of at least 30 years
18 or more to—

19 (i) make homeownership units afford-
20 able to households; and

21 (ii) stipulate a preemptive option to
22 purchase the affordable homeownership
23 units so that the affordability of the units
24 is preserved for successive income-eligible
25 households; and

1 (B) monitor properties to ensure afford-
2 ability is preserved.

3 (3) ELIGIBLE ENTITY.—The term “eligible enti-
4 ty” means—

5 (A) a minority depository institution, as
6 such term is defined in section 308 of the Fi-
7 nancial Institutions Reform, Recovery, and En-
8 forcement Act of 1989 (12 U.S.C. 1463 note);

9 (B) a community development financial in-
10 stitution, as such term is defined in section 103
11 of the Riegle Community Development and
12 Regulatory Improvement Act of 1994 (12
13 U.S.C. 4702), that is certified by the Secretary
14 of the Treasury and targets services to minority
15 and low-income populations and provides serv-
16 ices in neighborhoods having high concentra-
17 tions of minority and low-income populations;
18 and

19 (C) any other nonprofit, mission-driven en-
20 tity that the Secretary finds targets services to
21 minority and low-income populations and pro-
22 vides services in neighborhoods having high con-
23 centrations of minority and low-income popu-
24 lations.

1 (4) ELIGIBLE HOME.—The term “eligible
2 home” means a residential dwelling, including a unit
3 in a condominium or cooperative project or a manu-
4 factured housing unit, that meets the requirements
5 of section 4.

6 (5) ELIGIBLE MORTGAGE LOAN.—The term “el-
7 igible mortgage loan” means a residential mortgage
8 loan that meets the requirements of section 5.

9 (6) QUALIFIED HOMEBUYER.—The term
10 “qualified homebuyer” means a homebuyer who
11 meets the requirements of section 3, and includes
12 homebuyers consisting of multiple individuals, co-
13 purchasers, and multi-member households.

14 (7) SECRETARY.—The term “Secretary” means
15 the Secretary of Housing and Urban Development.

16 (8) SHARED EQUITY HOMEOWNERSHIP PRO-
17 GRAM.—

18 (A) IN GENERAL.—The term “shared eq-
19 uity homeownership program” means affordable
20 homeownership preservation through a resale
21 restriction program administered by a commu-
22 nity land trust, other nonprofit organization, or
23 State or local government or instrumentalities.

1 (B) AFFORDABILITY REQUIREMENTS.—

2 Any such program under subparagraph (A)
3 shall—

4 (i) provide affordable homeownership
5 opportunities to households; and

6 (ii) utilize a ground lease, deed re-
7 striction, subordinate loan, or similar legal
8 mechanism that includes provisions ensur-
9 ing that the program shall—

10 (I) maintain the homeownership
11 unit as affordable for subsequent very
12 low-, low-, or moderate-income fami-
13 lies for an affordability term of at
14 least 30 years after recordation;

15 (II) apply a resale formula that
16 limits the homeowner's proceeds upon
17 resale; and

18 (III) provide the program admin-
19 istrator or such administrator's as-
20 signee a preemptive option to pur-
21 chase the homeownership unit from
22 the homeowner at resale.

23 (9) SOCIALLY AND ECONOMICALLY DISADVAN-
24 TAGED INDIVIDUAL.—The term “socially and eco-

1 nominally disadvantaged individual” means an indi-
2 vidual who meets the following requirements:

3 (A) SOCIAL DISADVANTAGE.—

4 (i) IN GENERAL.—The individual is a
5 member of a socially disadvantaged group,
6 whose members have historically been sub-
7 jected to racial or ethnic discrimination
8 within the United States because of their
9 identity as members of such group without
10 regard to their individual qualities.

11 (ii) PRESUMPTION; REBUTTAL.—An
12 individual identifying as Black, Hispanic,
13 Native American, or Asian American, or
14 any combination thereof, shall be presumed
15 to be socially disadvantaged for purposes
16 of clause (i). Such presumption may be re-
17 butted by such individual with credible evi-
18 dence to the contrary.

19 (iii) BURDEN OF PROOF.—An indi-
20 vidual who does not identify as described
21 in clause (ii) shall be required to establish
22 individual social disadvantage for purposes
23 of clause (i) by a preponderance of the evi-
24 dence.

1 (iv) RULES.—The Secretary may
2 issue regulations as necessary to establish
3 procedures for complying with this sub-
4 paragraph.

5 (B) ECONOMIC DISADVANTAGE.—The indi-
6 vidual has an income that meets the require-
7 ments under section 3(a).

8 (10) STATE.—The term “State” means any
9 State of the United States, the District of Columbia,
10 the Commonwealth of Puerto Rico, the United
11 States Virgin Islands, Guam, the Commonwealth of
12 the Northern Mariana Islands, American Samoa,
13 and the tribal government of any Indian tribe, as
14 such term is defined in section 4 of the Native
15 American Housing Assistance and Self-Determina-
16 tion Act of 1996 (25 U.S.C. 4103).

17 **SEC. 11. REGULATIONS.**

18 The Secretary shall issue any regulations necessary
19 to implement this Act.

20 **SEC. 12. AUTHORIZATION OF APPROPRIATIONS.**

21 There is authorized to be appropriated for grants
22 under this Act \$100,000,000,000, and any amounts ap-
23 propriated pursuant to this section shall remain available
24 until expended.

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