GroundBreak Coalition

Down Payment Assistance Consultation Summary

May 2024

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Executive Summary

On behalf of GroundBreak Coalition, Imagine Deliver hosted a series of community consultations in May 2024 with current and aspiring Black homebuyers in the Minneapolis and St. Paul metro area. The conversation included 13 community members (seven identified as American Descendants of Slavery) who shared their stories and expert advice on how to position down payment assistance to close racial wealth gaps.

The objective of the engagements was to inform the design and development of repayable Down Payment Assistance (DPA) with the wisdom and perspectives of potential end users. Creating a repayable portion allows the DPA funds to be recycled into future interest-free loans, creating a scalable and sustainable DPA product for Black homebuyers.

We conducted eight unique engagements including one-on-one interviews and small group conversations with 13 Black wealth builders, asking contextual questions about narratives of homeownership, participants' reactions and optimism regarding the DPA, opportunities for greater impact, and questions they can anticipate receiving if they share the program with their networks.

The outcome of our engagements highlighted three unique insights: to design for trust and transparency, deliver a DPA designed with and by end users, and activate a Black ecosystem for sustainability.

End-User Insights
Summary and Description of Insights

The end user insights consisted of participants from various backgrounds and age groups. Participants shared their expert guidance and perspectives on what would make a partially forgivable and partially repayable Downpayment Assistance (DPA) product successful. Participants shared narratives of homeownership, their reactions, optimism regarding the DPA, opportunities for impact, and questions they can anticipate receiving if they share the program with their networks.

	Insight	Description
Engaging Confidently	**Designing For Trust With Transparency**	End-users highlighted the implicit and explicit harm caused by generations of systemic injustice and the suspicion Black communities have towards our capital system. To address this, they suggested that GroundBreak design DPA programs with a focus on building trust. They recommend prioritizing transparency, making information accessible through plain language and visuals, and explicitly stating that the program's intention is to repair harm.
Centering End-User Wisdom	**Designing and Delivering With End Users**	End-users noted that the conventional homeownership process, primarily designed for white individuals, fails to accommodate Black wealth builders because of long-standing historical injustices. Consequently, participants suggested that GroundBreak and its collaborators implement an even more targeted strategy that is focused on underestimated groups, such as single mothers and elderly individuals. To enhance reach, they suggested uplifting community stories through engagement to improve the DPA narrative, hosting events that include childcare and meals to increase access, and collaborating with community partners like Northside Achievement Zone (NAZ), neighborhood associations such as Powderhorn and Harrison, and faith-based organizations to uniquely cater to the local Black community.
Building Resiliency	**Activating A Black Ecosystem For Sustainability**	End-users emphasized the opportunity to invest in a broader Black ecosystem of Black homeownership educators, realtors, home service businesses, and home repair solopreneurs to provide a culturally focused end-to-end customer experience. Similarly, participants suggested grouping new homeowners into cohorts to facilitate community and information sharing between homeowners.

By the Numbers

Summary of participants

13

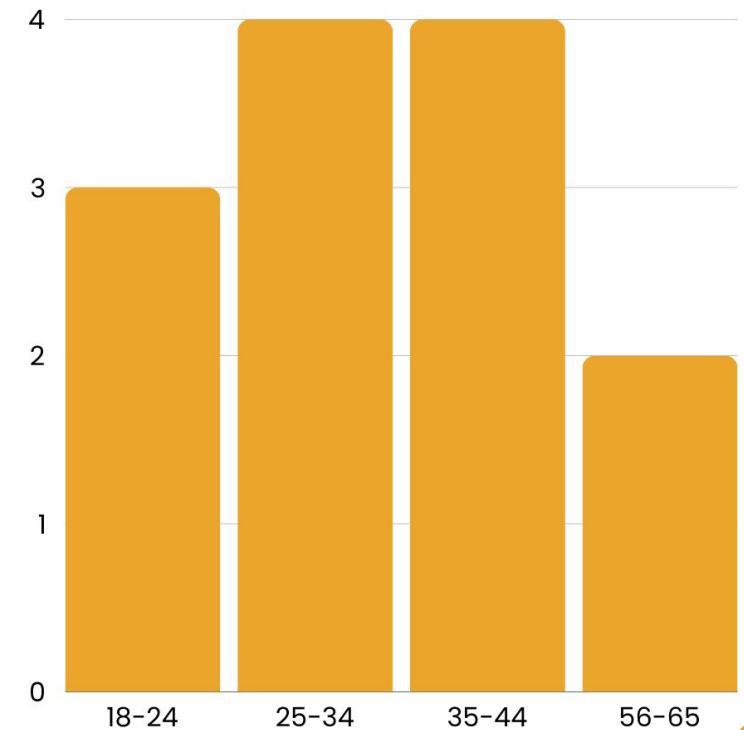Black Wealth Builders

8

Aspiring Homebuyers

5

Current Homeowners

7

Foundational Black Wealth Builders

Participant Age Brackets

Designing For Trust With Transparency

Engaging Confidently

Multiple participants shared how historically racist housing policies directly impacted their families and continue to contribute to their mistrust of capital systems and institutions. They cited the harm brought by predatory lending practices, racial deed covenants that precluded Black individuals from buying homes, redlining that led to decades of disinvestment, and the construction of freeways through predominantly Black neighborhoods that eroded wealth for Black Minnesotans. Participants emphasized the importance of building trust by intentionally designing to repair the harm that has led to the racial wealth gap.

DESIGN: Participants expressed the importance of designing the Down Payment Assistance (DPA) program guide with clear, concise language that uses real-life examples to explain loan terms. Examples of how to design for trust:

- **Center borrower's interest:** Clearly state under what circumstances borrowers need to repay the loans if they do not remain in their homes for a minimum five-year period or if they rent the house out. Consider creative solutions for repayment when someone doesn't meet the 'hardship' definition, like creating a rubric for partial payback.

- **A plan for mortgage insurance:** Many participants acknowledged the significance of a $50,000 DPA and asked about mortgage insurance, explaining how its payment could amount to a significant expense. Participants encouraged designers to explore increasing the DPA and how lenders might remove the mortgage insurance requirement.

DELIVERY: Participants shared their experiences navigating homeownership for the first time without familial or network support. They found that the frequent use of industry jargon in workshops and program descriptions made the information inaccessible. Examples of how to deliver with transparency include:

- **Use plain language and visuals:** Removing jargon, using visuals and everyday metaphors to make the information digestible and memorable. Some participants stated that scenario comparisons would be incredibly helpful when making decisions.

- **Be explicit:** Explaining complex financial terms can help build trust and increase the borrower's understanding of their obligations and how they impact their financial future.

- **Share the 'why':** Most participants stated the power of sharing the intention behind this program and acknowledging past harm. Doing this signals to the end-user that our capital system views them as assets rather than "charity" and that our capital system is invested in repair.

In Their Own Words

Quotes on Designing For Trust With Transparency

"I think what excites me about this program is contextualizing it and historical ... access to Black people. I grew up in the eighties... anything that Black people received was like, charity. ... actually we have historically had, you know, all of our wealth destroyed, stolen you know, whether it's land, whether it's businesses, whether it's whatever." –Black wealth builder, aspiring homeowner

I think if it's too confusing to me, I'm automatically suspicious about what is the loophole or what am I signing, what rights might I be signing away? So it has to be in such layman terms like third grade level terms." - Black wealth builder, current homeowner

Like, yeah, it's forgivable, but what does that mean? You know, like how forgivable, and then if, if something were to happen that could change, you know, that could possibly change that, what does that look like? So sharing those fine details, you know. Just to let folks know and really be transparent around the process." - Foundational Black wealth builder, current homeowner

" Other [communities] get funding and sometimes, you know, we don't.. But in the Black community, you know, sometimes I think we're forgotten about." - Foundational Black wealth builder, currently in the market for a house

I don't know if you say it's cost benefit analysis or if it's just, you know, side by side pros and cons. Home owning, renting, and [another scenario] that's home owning with these programs and just kind of walking through like a five year period. Like what is your financial picture? How does it look different over a five year period across those... scenarios? And highlighting the different potential risks that are inherent across all of them" - Foundational Black wealth builder, current homeowner

Designing And Delivering with End Users

Centering End-User Wisdom

Participants offered insights into how GroundBreak might refine a comprehensive downpayment program with Black wealth builders at the heart of its design and delivery. Participants referenced how elements of the home-buying process have contributed to widening the homeownership gap between Black and white Minnesotans, such as appraisal bias, insufficient financial literacy, and access to pre-existing assets (like a family home). Participants offered ideas on how GroundBreak and its partners might apply a targeted strategy in future iterations, such as interrogating the design to meet the needs of a single Black mother and increasing delivery partners for greater reach in the Black community.

DESIGN: One end-user stated that "*privilege always rises to the top.*" Many participants named intentionality in design as an essential program targeting mechanism and encouraged additional thinking beyond "foundational Black" borrowers:

- **Design for the margins:** Interrogate whether single parents, single-income households, young and elderly people will benefit from the program's qualifying criteria and terms. For example, consider whether there are circumstances where the DPA amount should be higher to accommodate single-income households.

- **Design for context:** End-users stressed the ongoing relevance of historical inequities and barriers Black Minnesotans face, including lack of equity, underbanking, and creditworthiness. Thus, continuing to design and refine the DPA alongside end-users and community partners can offer a trusted voice and framing that uplifts Black communities and institutions.

DELIVERY: Complementary to designing financial tools & products with and for Black wealth builders, participants shared insights on how best to reach the target audience, such as:

- **Develop a community-centered narrative:** Using personal storytelling to share success stories, highlighting local community leaders, and using relatable language can make the product feel homegrown and reflective of end-users.

- **Meet people where they are:** By hosting events, workshops, and informational sessions in known community hubs like community centers, schools, and providing childcare and food end-users have greater access to information.

- **Collaborate with trusted community partners:** Marketing and deploying through trusted networks like neighborhood associations, faith-based organizations, and community centers can help amplify reach and application rates.

In Their Own Words

"Like what would it take for a single mom who wants to stay home or have access to being with her kids a lot? To be able to afford a home… But to look at the people who, not just the folks who are like, I'm a married couple and I'm working middle class, and yes, I can keep a home, but what would it look like for somebody who doesn't get a whole bunch of hookups in the contracting land? Who doesn't have a partner? What would it look like? I think that should be the frame. Like to really interview people who, where it would be almost unfeasible for them to own a home and figure out what it would be like for them to afford to keep a home until their children could inherit it."
- Foundational Black wealth builder, aspiring homeowner

"So my mom actually bought her house so it made me feel like it was possible. And she's a older Black woman buying her first home… And then my sister, she also bought a house, so I, I felt like I could do it."
- Black wealth builder, current homeowner

"I don't know from a capability aspect, but from a trust aspect utilizing a lot of neighborhood associations, if not to apply through there, definitely from a marketing standpoint. So like a Powderhorn Neighborhood Association, Harrison Neighborhood Association… NAZ [Northside Achievement Zone] comes to mind. They're deeply involved in North Minneapolis."
- Black wealth builder, current homeowner

"So, the interest part would really be the great part because you know… obviously as Muslims, like we think about… what kind of damage is it? And so it not having interest is something that would drive me towards using this program."
- Black wealth builder, aspiring homeowner

"So, you look and think about things and it's like, okay, like can I actually do that? You know, is this something that I can do? Because most homeowners that we see, they don't look like us. So again, you know, it's not only that they don't look like us, it's, it's what's built in our community."
-Foundational Black wealth builder, current homeowner

Activating a Black Ecosystem For Sustainability

Building Resiliency

Participants emphasized the importance of building a network of Black organizations, businesses, and professionals to facilitate a supportive homeownership experience beyond the home-buying process. Working with experts who understand the lived experience of the program's end-users and who can provide nuanced, and contextualized feedback and support has the potential to improve the program's outcomes by anticipating specific target-population challenges, strengthening a referral network and building on the foundation for subsequent program deployments.

DESIGN: Participants expressed a sense of pride in having a program targeted to their specific needs as Black Minnesotans and a desire to have a program they could discuss with others, sharing the benefits of accessing new resource pools. These are some examples to maximize and support DPA utilization:

- **Create DPA cohorts:** Consider grouping DPA end-users in cohorts to foster a sense of community and venue for peer support and resource sharing like a trustworth hand-person or plumber.
- **Networked referrals:** Leverage mapping of the homeownership ecosystem to improve a networked referral system between organizations. This networked approach can enhance the efficiency and effectiveness of helping Black wealth builders secure homes. It can also foster a community of practice, promoting continuous learning and service delivery and maximizing the number of supports available to end-users after buying a home.

DELIVER: Participants highlighted the benefits of building community and building capacity for wrap-around programming from Black organizations or staff on a variety of topics in addition to DPA, including financial literacy, budgeting for homeownership, home maintenance skills, home improvement financing, and how to use their home to build wealth. These are examples of how to activate a sense of community:

- **Peer advice:** Participants suggested complimenting the product with a lightly facilitated platform where established Black homeowners and local organizations can offer advice on DPA and adjacent homeownership resources to first-time buyers.
- **Elevate community hubs:** Participants spoke at length about the importance of living and thriving in well-resourced communities that reflect their heritage. They mentioned their interest in seeing GroundBreak foster a Black ecosystem rooted in a sense of place, naming community hubs as third spaces for program activity.

In Their Own Words

"Yeah, I feel like I'd understand the process more too if I like had an abundance of resources instead of just like access for a down payment. Like that'd be helpful. Like, how do I really manage this and like make sure that this is like a stable system, like for me and like the finances that I'm moving around."

- Foundational Black wealth builder, aspiring homeowner

"But I also think too that there's so many organizations who have like the homebuyer education piece… But there's no talk about maintaining, like sustaining that [home]. You got your finances together, you went and got approved for a loan, you started shopping, you purchased your home, but now what? That's the part we're missing, its that 'now what?'"

- Foundational Black wealth builder, current homeowner

"I'm originally from Bloomington, Minnesota, so a lot of the schools that I went to were predominantly white. I did not have a good time. I don't wanna live in a predominantly white city, so we bought our house in Brooklyn Park. So I do feel like there is a larger population of people of color around me. I think that is also reassuring."

- Black wealth builder, current homeowner

"So I would wanna live everywhere as long as there's Black people… I feel like I wanna be around my people… You go to a places like Atlanta and DC and black people live in the beautiful places too. It's not just, you know, it's so like, segregated here, you know?"

- Foundational Black wealth builder, aspiring homeowner

"I guess if there, if there could be things that could be added to this program, like how could there be a full system? So the realtor is also black, and then they're getting that financial boost too. That would be really intentional and really thinking about black wealth in Minnesota. That the entire structure is [then] circulated around black wealth, like a black owned bank."

- Foundational Black wealth builder, aspiring homeowner

How To Start On Monday

GroundBreak Coalition can take immediate steps to implement the suggestions shared by Black wealth builders and begin working towards a future of Black wealth immediately. The following list includes some of those actions.

01 Finalize key principles for decision-making to guide repayable DPA design.

02 Assess which DPA deepening ideas informed by end-users are most actionable in current versus future iterations.
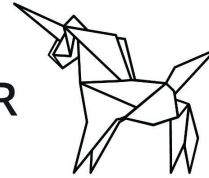
03 Initiate exploratory conversations with potential partners to manage (service) the repayable DPA loans.

About
Imagine Deliver

IMAGINE | DELIVER

A consulting firm for the "new majority," Imagine Deliver helps clients activate insights and strategies that benefit everyone. Imagine Deliver knows the best systems, services, and products are designed by the people who use them. With our user as designer, Imagine Deliver produces insights and strategies that build toward justice, wellness, and prosperity.

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