



February 9, 2023

Senate Housing Committee
Washington State Legislature
P.O. Box 40466
Olympia, WA 98504-0466

Re: Support for SB 5496 - Covenant Homeownership Account

Chair Kuderer, Vice Chair Frame, Ranking Member Fortunato, and Members of the Senate Housing Committee:

Thank you for the opportunity to testify in front of your committee yesterday to share Zillow's support for [SB 5496](#), which would create the covenant homeownership account and program to address the history of housing discrimination in Washington state. I'd also like to express my gratitude to the sponsors for their work to address the important issue of equitable access to homeownership and the generational wealth-building opportunities it creates. I am following up to share more details on Zillow's support, including links to the studies I referenced in my testimony.

Zillow is reimagining real estate to make it easier for consumers to unlock life's next chapter, and we are firmly committed to reducing barriers to housing. Zillow economists are uniquely positioned to study and examine housing market data and economic trends, and we share this [industry-leading research](#) to help inform policymakers as they work to address urgent housing issues facing our communities. As a network partner of the [Black Home Initiative](#), which aims to create new homeownership opportunities for Black households in the greater Seattle region, Zillow is proud to support the transformational investment this bill will unlock.

The impact of our country's devastating history of housing discrimination continues to be seen in the barriers and inequitable outcomes facing BIPOC households today. Housing [accounts for nearly 40%](#) of the \$3 trillion wealth gap between Black and white households in the U.S. In Washington state, the [Black homeownership rate](#) is just 36%, compared to 67.7% for white households. Further deepening this crisis are the challenges Black consumers have accessing financing. For example, [Zillow research found](#) that Black mortgage applicants are denied a loan 84% more often than white borrowers.

The Covenant Homeownership Account would take a significant step toward helping first-time homebuyers become homeowners and closing the racial homeownership gap by supporting potential homeowners directly through assistance with closing costs, down payments, and pre-and post-purchase counseling. Funds will also be used to support construction capital, predevelopment costs, and capacity growth for nonprofit organizations working with the impacted populations.



[According to Zillow's research](#), one of the most significant obstacles preventing potential homebuyers from accessing home ownership is saving for a down payment, and 40% of all buyers [rely on a gift or loan](#) from family or friends for at least part of it. Additionally, two-thirds of renters across 20 major metro areas surveyed by Zillow [cited affording a down payment](#) as the biggest hurdle to buying a home.

To help potential buyers struggling to make a down payment, [Zillow includes information](#) on down payment assistance resources on every for-sale listing on its site, connecting potential buyers to over [2,000 assistance programs available](#) across the United States. Even with these resources, homeownership remains stubbornly out of reach for many. Addressing the down payment barrier for first-time homebuyers will help more members of communities of color access the intergenerational wealth creation and economic security that homeownership enables.

This program will not address the housing affordability crisis and close the racial wealth gap on its own, but it is a crucial step forward. As you know, the legislature is also considering important legislation to increase housing supply, including through zoning reform to allow the construction of middle housing options. In a [survey of homeowners and renters](#) in the Seattle and Spokane metro areas conducted last year, we found high levels of support for modest densification in residential neighborhoods. It is critical that the Covenant Homeownership Account is coupled with a continued focus on increasing housing supply.

We respectfully urge you to support the Covenant Homeownership Account and provide these vital programs and resources towards increasing homeownership opportunities for BIPOC communities throughout our state and addressing the longstanding impacts of housing discrimination.

Thank you for your consideration,

A handwritten signature in black ink that reads 'Anna Boone'.

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