



Housing Policy Priority Brief

Housing Finance

What is Housing Finance?

Housing finance refers to the various financial mechanisms and tools that enable individuals and families to purchase homes. It includes a wide range of instruments such as mortgages, down payment assistance programs, low-interest loans, and grants. For low- to moderate-income households, these financial supports are critical in bridging the affordability gap, which is often exacerbated by rising housing prices, stagnant wages, and systemic barriers to accessing credit. In many cases, housing finance programs are specifically designed to assist first-time homebuyers or families who may not qualify for traditional lending due to credit constraints or a lack of sufficient savings for a down payment. These programs are often structured to reduce the upfront costs of purchasing a home, making it more accessible to those with lower incomes.

Housing Finance in the South

Across the South, several states have implemented housing finance initiatives aimed at expanding access to homeownership for low- and moderate-income families. These initiatives often focus on offering down payment assistance, providing low-interest loans, and creating pathways for individuals with nontraditional credit histories to secure mortgages. [State housing finance agencies](#) (HFAs) have been instrumental in these efforts, offering programs that combine state and federal resources to help first-time homebuyers and other underserved populations. Additionally, some states have used tax incentives, public-private partnerships, and bond programs to increase the availability of affordable housing financing options. However, the availability of these programs and their effectiveness vary widely by state. In recent years, discussions around housing finance have increasingly focused on the need for more [equitable lending practices](#). Historically, [Black and Brown families](#) have faced discriminatory barriers in accessing credit, contributing to a racial homeownership gap that persists today. In the South, these discussions are particularly important given the region's history of redlining, segregation, and limited access to financial resources for marginalized communities. Despite progress, there is still a long way to go in ensuring that housing finance policies are [fully inclusive and provide meaningful pathways](#) to homeownership for all.

How Housing Finance Can Advance Equity in the South

Ensuring housing finance availability is key to advancing racial and class equity in the South. Historically, discriminatory practices like redlining have denied Black and Brown communities' access to homeownership, blocking wealth accumulation. Expanding access to affordable housing finance, such as down payment assistance and low-interest loans, can help close the racial wealth gap and promote economic mobility. Equitable housing finance programs also create more racially diverse, economically integrated communities, fostering social cohesion. Reforming lending practices to remove discrimination ensures all residents have the opportunity to achieve financial stability through homeownership.

Legislative Efforts Related to Housing Finance

1. **North Carolina:** [Senate Bill 881](#) (failed): This bill sought to recapitalize the North Carolina Housing Trust Fund in an effort to serve as a resource to create a variety of housing solutions, including homeownership, rentals, supportive housing, new construction, rehabilitation, and emergency repairs.
2. **Florida:** [House Bill 329](#) (failed): This bill would have created the Homeowners' Assistance Fund to mitigate financial hardships by providing funds to eligible entities to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship.
3. **Mississippi:** [Senate Bill 2247](#) (failed): This bill sought to establish a Neighborhood Housing Rehabilitation Program to help municipalities preserve and improve owner-occupied properties and bring them up to applicable building codes and standards.