Diversity Briefing

AMERICAN MORTGAGE DIVERSITY COUNCIL | SPRING EDITION

Single Women Dominating Homeownership

A new study found women own more homes than men in America's 50 largest metros. Which market has the largest gap?

Five Star Staff

LendingTree reported that single women own more than 1.5 million more homes than single men in America's 50 largest metros.

In total, single women own about 5.1 million homes, compared to the 3.5 million homes owned by men.

The report also states that there is not a metro in the U.S. where single men own more homes than single women. The average difference between the share of homes is 3.9%.

Tampa, Florida, has the highest single-women homeownership rate at 16.4%, compared to 11.5% of homes owned by single men. Tampa has a total of 795,561 owner-occupied households.

Close behind Tampa is Las Vegas, which has a single-women homeownership rate of 16.1%. Las Vegas also has the smallest gap in homeownership rates among single women and men. The gap in Las Vegas was only 1.2%, although single women owned over 5,000 more homes than single men in the area.

Other metros where single-women dominated homeownership include Buffalo, New York; Richmond, Virginia; Cleveland; Miami; Pittsburgh; Detroit; Memphis, Tennessee; and Birmingham, Alabama.

Tampa not only has the highest share of single women owning homes, but it also has the highest share of single-men homeowners. The Floridian market has a homeownership rate of single-men of 11.5%.

Salt Lake City, Utah, has the lowest share of homes owned by single women at just 9%. San Jose, California, was a close second at just 9.2%.

In both Detroit and Pittsburgh, there is a 11.4% homeownership rate for single men.

Markets where single men have a higher homeownership rate include Birmingham; Las Vegas; New Orleans; Cleveland; Louisville, Kentucky; Miami; and Buffalo.

While this report shows single women own more homes, a recent study from the Yale School of Management found, of more than 50 million housing transactions, single women were buying homes for 2% more than single men but selling them for 2% less.

"Women are losing about $1,370 per year relative to men because they tend to buy the same house at a higher price and sell for a lower price," said Kelly Shue, a finance professor at the Yale School of Management, during a podcast with NPR.

"Gender differences in upgrade rates, preferences for housing characteristics, and listing agents appear to be less important factors. The gender gap varies with market tightness and demographic characteristics, but remains large in regions with high average education, income, and house price levels," Shue said in the report.

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From the Chair

The only constant is change.

It has been my true privilege to serve as your Chair this past year and help oversee the critical initiatives that the American Mortgage Diversity Council has taken on. The work we have done together, and the partnerships we have formed, were truly rewarding and will stay with me for years to come.

Now, however, the time has come to pass the torch.

As such, it is my honor to introduce your new AMDC Chair for 2020—Lola Oyewole. While many of you already know and have worked with her, Lola serves as the VP of Human Resources and the Chief Diversity & Inclusion Officer for Ocwen Financial Corporation. Her prior work includes positions at both GE Capital and the Apollo Education Group. Lola is passionate about the work we do, and she could not be better suited to help lead the AMDC through this next year. I can't wait to see where she takes us.

With all that is going on in our world today, being aware of how we treat one another is at the forefront of getting through this trying time. As stress and anxiety are running high, respect is always the key. If there is something that we can learn from this COVID-19 crisis, it is that we are all in this together, and that no matter how diverse we are, solidarity is always the answer in the most difficult times.

Finally, I'd just like to thank you all for your involvement, your insights, and your sharing that most valuable of resources—your time. I look forward to seeing how the AMDC thrives during Lola's tenure.

Sincerely,
Kathy Cummings
SVP; Homeownership Solutions and Affordable Housing Programs, Bank of America; Outgoing Chair, American Mortgage Diversity Council

Kathy Cummings leads the Homeownership Solutions and Affordable Housing Programs team for Bank of America Home Loans Neighborhood Lending organization. Cummings assists in identifying and making available affordable housing programs offered by Housing Finance Agencies, local governments, and nonprofits across the country. Additionally, she is responsible for managing non-profit strategic relationships and Bank of America's Connect to Own® fee for service program offering.

2020 AMDC Chair: It's a 'Privilege' to Advance Diversity

The head of the American Mortgage Diversity Council, **Lola Oyewole** of Ocwen Financial, speaks about the biggest challenges facing inclusion in the workforce, how the conversations in this area are changing, and what she is looking forward to in her new role.

Five Star Staff

What are your thoughts about leading AMDC as the Chair? What work have you done to promote diversity and inclusion issues?

I am extremely honored to have been selected as the new Chair for AMDC. I see this role as a privilege and an opportunity to help advance the diversity and inclusion agenda in the mortgage industry by providing more insight and transparency into what companies can do to enhance workplace diversity.

How is the work you are doing at Ocwen impacting diversity and inclusion in the workforce?

I lead the Human Resource Strategy for U.S. operations. I am also responsible for setting and executing the diversity and inclusion roadmap for Ocwen globally. The work we have done over the past several years has built the foundation for diversity and inclusion across the company. We established four pillars to anchor our diversity and inclusion strategy on and set up an Executive Diversity and Inclusion Council that meets on a quarterly basis.

In 2017, we developed a three-year strategic roadmap for diversity and inclusion that includes actions to enhance Ocwen's ability to recruit, retain, and develop diverse talent globally. The strategies and actions on our roadmap have led to an increase in female and minority representation at the levels of director and above year-over-year since our launch. We also established metrics to track improvement so that we can hold ourselves accountable. These metrics are reviewed through an executive dashboard on a regular cadence.

What are the biggest challenges to implementing diversity and inclusion in the workforce?

One of the biggest challenges is the notion of unconscious bias. This refers to social stereotypes about certain groups of people that other individuals from outside of their sphere of awareness. When it is not addressed, it can and does result in a narrow pool of candidates being identified for recruitment or even being hired or promoted. It also limits creativity and can affect collaboration between employees, preventing innovation and productivity. The good news is that companies can work to address unconscious bias.

Some research by the Lattice Group maps out steps that companies can adopt to reduce unconscious bias in the workplace, including the provision of awareness training; revising the framework for who gets hired, recognized, or promoted; introducing data into decision-making; and encouraging all employees to speak about biases.

How has the conversation around diversity and inclusion changed since you entered the industry?

The industry is becoming more diverse and companies are taking a closer look at ensuring that their talent is representative of their customers by focusing on attracting and retaining diverse talent. The conversation has become more prevalent and more focused on inclusive practices.

‘Clear Barriers’ Remain for Diversity and Inclusion in Banking

While the share of women and minorities is growing in the industry, the disparity is apparent in the boardroom.

Five Star Staff

The House Financial Services Committee held a hearing to review data on diversity and inclusion within U.S. banking institutions.

Maxine Waters, Chairwoman of the Financial Services Committee (D-California), called the hearing “historic and groundbreaking.” The 44 banks who submitted data have more than $50 billion in assets.

“The information they have provided is illuminating and is something that the American public deserves to see,” she said.

Waters added that she hoped the hearing brings diversity “out of the shadows and into the light.”

The report found that banking institutions were 58% white in 2018, which was lower than the national average of 63%. African-Americans made up 12% of the workforce populations of financial institutions, Hispanics accounted for 11%, and the Asian population was 12%. The Hispanic workforce in America averaged 16% and Asians accounted for 6%. The banking industry was found to be predominantly female, with females making up 51% of the workforce population. This is a stark contrast from the national average, which shows males made up 53% of the workforce in 2018.

The disparity comes in the boardroom. The report found that the average makeup of senior-level employees is 71% male and 81% white.

SunTrust Bank was found to have 50.9% of senior-level positions held by females, and racial minorities account for 32.2% of the population. UBS reportedly had the lowest female share of senior leaders at 15.2%. Racial and ethnic minorities made up just 5.8% of senior-level positions at BB&T Bank—the lowest among the data reported.

Twenty-seven of the 44 banks reported they conduct an internal review of gender pay equity, the report stated. However, only 15 publicly disclosed this information or provided transparency about their efforts to close the pay gap.

“This report confirms that America’s largest banks must be more transparent so that regulators, Congress, and the American people can hold them accountable for real and intentional diversity and inclusion outcomes,” Congresswoman Joyce Beatty (D-Ohio) said during the hearing.

She added that, although the report shows there has been a success in recruitment and strategies, “there is progress to be made.”

“I believe we must mirror the world we want to live in ... when representation and equity is an overarching priority in the banking industry we can develop banks that out-innovate and outperform others and continue to move the needle within the industry,” she said.

Beatty said there are “clear barriers” to retaining and promoting underrepresented groups, and change must come from the top down.

Congresswoman Ann Wagner said the two most common challenges for diversity and inclusion is competition for talent with STEM and finance expertise and the ability to retain a diverse workforce.

“To improve their rate of retention, companies must adjust their culture and promote the adjustment of diverse talent,” Wagner said.

A memo on the heating stated that Congress included provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to promote diversity and inclusion in the financial industry. Section 342(e) of the Dodd-Frank Act requires the Office of Minority Women and Inclusion (OMWI) to submit an annual report to Congress on actions taken by financial institutions. The committee stated in their memo that regulators agreed that industry compliance in sharing diversity would be “voluntary.”

“As a result, regulators have received limited information from their regulated entities, including banks,” the memo states.

Additionally, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System reported in their 2018 annual OMWI reports that they had 16.7%, 9.3%, and 5% response rates to their diversity surveys, respectively.

Kenneth Bentsen, President and CEO, Securities Industry and Financial Markets Association Diversity and Inclusion Council, gave testimony saying their most recent survey of their clients found all participants have a strategic plan for diversity.

He added that 95% of responding organizations in the U.S. plan to address gender, gender identity, race, and ethnicity. Eighty-percent of the organizations said they plan to address issues around sexual orientation and veterans.

Bentsen said the survey from his constituents found women made up 44% of the workforce and the hiring rate and turnover rate compared to their male counterparts is “comparable.” He added the share of women within the industry is expected to grow by 2% over the next five years and 3% over the next decade.

People of color made up one-third of the workforce population and the hiring rate exceeds that for white workers by 5%. The turnover rate for people of color is 2% higher than whites.

Diversifying Your Supply Chain

AMDC launches a survey to seek out industry norms on supply chain diversity and where improvement is needed.

Five Star Staff

The American Mortgage Diversity Council (AMDC), with the help of the Supply Chain Subcommittee, has launched an initiative to determine vendors that may be classified as a diverse business and/or small business enterprises. Through the use of a survey, it is expected to further facilitate the need to identify minority, women-, veteran-, LGTBQ-, people with disabilities-, and non-diverse-owned businesses that provide services related to the mortgage industry and supply chain.

AMDC intends to improve the overall visibility of diversity within the mortgage industry and, through this research, to uncover best practices from companies who do it well.

Below, two AMDC members who are very heavily involved with the initiative—Francisco Reyes Carcavallo and Victoria Stevenson—discuss the opportunities and challenges with operations within a diverse supply chain.

Francisco Reyes Carcavallo is the head of the Procurement and Third-Party Risk Management departments at Altisource, a provider of services and technology for the mortgage and real estate industries. With 10-plus years' experience leading global supply chain operations, Reyes joined the American Mortgage Diversity Council in 2017 and has been a member of the Supply Chain Subcommittee ever since.

Victoria Stevenson is the CEO and President of Allied Supply Chain Support & Services. As a real estate expert with more than 25 years' executive experience, Stevenson has a track record of building and maintaining productive relationships and maximizing performance in all aspects of business. Stevenson is an active member of the Supply Chain Subcommittee for AMDC.

Could you please tell us more about the nature of supply chain diversity?

Reyes: Diversity has become a pretty known topic, especially in the HR world around employee diversity. Supply chain diversity is a similar concept—the diversity within a company's vendor network or supply chain. So really, it is the acknowledgment that vendors are heterogeneous the same way as employees and people are, and the effort to represent those sometimes underrepresented groups within the supply chain world. Working with the American Mortgage Diversity Council (AMDC), we intend to improve the tracking, reporting, and overall visibility of diversity in the mortgage industry. The Supply Chain sub-committee that Victoria and I are a part of has been working on different initiatives to foster that goal of transparency and visibility within the mortgage industry supply chain specifically.

What are some of the challenges that the industry faces in regards to supply chain diversity?

Reyes: The main one that is pretty common—it's not specific to the mortgage industry, but as a whole—is the tracking and reporting of diversity within the supply chain. While there are plenty of entities, often government-sponsored entities, that certify businesses as diverse, and which have clear guidelines and requirements on what constitutes a diverse company, there is no official guideline of how to measure your supply chain diversity. As such, there is a lot of inconsistency in the numbers and methodology out there.

When you look at diversity within personnel at a company, usually you just look at your headcount and identify how many employees you have within different diverse groups. That's a standard way to come up with a number and that enables you to define a clear goal. In the case of the supply chain, it's not so easy—mainly because you are talking about businesses, not individuals, in different geographies, of different sizes, etc. How many of them are diverse may not be as relevant as how much you spend with them versus the rest.

That was one of the main challenges that we saw, that we see, and which we have been working with the AMDC to address by engaging some of the largest players in the industry. We have jointly developed a set of guidelines to standardize this tracking and reporting and to bring consistency to it. These are still guidelines though, not directives—we are not telling everybody how they have to do it, but rather suggesting how you could do it in a way that is generally accepted by the larger companies in the industry.

The other issue we see is that there is not enough diversity data available. These two issues are very much related. The lack of good tracking and reporting results in the unavailability of good data. If you think of the mortgage industry and you say how diverse is this industry, there isn't a lot of factual information about it. This is another project that we are working on right now with AMDC and Five Star—searching for ways to improve supply chain diversity data collection across the industry.

The project involves collecting basic information from companies in the industry about their supply chain diversity to generate a database that we can mine to get a better understanding of the real diversity in the industry, distribution among diverse categories, geographic factors, etc. This should give us a good insight to launch more initiatives to address any gaps or issues that diverse businesses may be facing and we do not know about today.

In essence, we don't want Five Star and AMDC to go out and try to collect data from thousands of businesses that operate in the industry and which may not know who we are or be willing to share any information with us. Instead what we are doing is engaging the vendor managers of different players in the industry, especially the larger ones that may be managing thousands of vendors, and working with them to develop a methodology where they can collect information about the diversity of their direct vendor networks in as straightforward a manner as possible.

We developed some surveys to efficiently do this, getting at least some high-level information of who might be diverse and who is not, so we can then dive deeper. As part of this exercise, what we're asking the vendor managers to do is to launch these surveys, collect this data, and then to share the data with us. They don't have to share the vendor names or identities or anything that they would have a concern as being proprietary of their company. We just want their stats—just the statistics. With this, we expect to be able to collate the information from all these vendor managers and get to a good critical mass of data points to create a database that we can start mining to get a better picture of where we stand on diversity today, where we want to go, and how to get there.

What level of response have you seen to the survey, and what takeaways can you share?

Reyes: We have received plenty of responses from the surveys we launched three months ago, so we're in the process of compiling the data from the information we collected.

What we're seeing is what we expected to see, and have seen before in smaller populations. There is a good level of diversity within the industry, and within the businesses operating in the industry, but the majority of those businesses are not certified by the relevant certifying agencies. Typically, to reap the benefits of being diverse—and especially when working for government contracts— businesses are expected to be certified. You go to one of these agencies and they review all your paperwork and your ownership and different things about your business and then they certify you as diverse.

We're seeing a lot of diverse businesses that may be owned by a woman or by a minority group member but they just don't have any certification. We're trying to see how we can improve as part of a future project, or the next phase of this project, to try to increase the number of businesses that are not only diverse but also third-party certified as such.

What's next for this project?

Reyes: The next step is trying to help these businesses to get certified. Much of the feedback we received from these businesses is that the process of getting certified is too costly or too lengthy or too complicated. In essence, what we want is to try to help them navigate the certification process so it is less complicated, quicker, and more straightforward.

We are developing white papers, guidelines, cheat sheets—anything that these businesses can use so they understand what is going to be needed from them, how much it's going to cost, and how long it's going to take. Then they can prepare for it accordingly and navigate the process in a much more efficient way.

What is the AMDC doing to help you with that mission?

Stevenson: First and foremost, before we can even address the challenges, we have to dispel the myth with small businesses that it's too time-consuming, that it's overly complex. Why do I have to prove that I'm a diverse small business and how do I meet the criteria and the qualifications and how do I know that I'm eligible to receive my socio-economic certifications? The AMDC could help with educating diverse small businesses by developing a plan that will dovetail into developing and strengthening relationships with certifying agencies, as well as educating the diverse minority woman-owned businesses on putting together their application that is more streamlined, so you're just putting together your company profile. Then, what are the services you will provide so we can identify your NAICS code and put it in a way to where it's a phase one, phase two, phase three process to ensure that it's not so overwhelming to the diverse small business?

The other area is working to educate about the importance of obtaining your certifications because there is a mandate that the government buys products and services from socio-economic companies. In essence, it allows you to diversify your revenue streams and also educate the diverse small businesses on where the certifying agencies are, so you can strengthen those relationships and build relationships. They are designed to help you get your certification. The AMDC would be there to potentially administer supportive services in helping you prequalify, and to help prepare you and your business to undergo your certification.

Through all this, of course, we are building and supporting diverse small businesses, minority or women-owned businesses, to grow their business by working with local, state, and federal agencies.

To participate in the survey, go to https://www.surveymonkey.com/r/QRM6KPV . To get involved with the American Mortgage Diversity Council and the Supply Chain Subcommittee, contact Marcela Bruner at marcela.bruner@thefivestar.com.

Together for the Good of All—During Covid-19 Crisis

Five Star Staff

These uncertain times are having a profound effect on everyone.

The industry has never before experienced a situation like the one presented by the spread of the COVID-19 virus. Now, more than ever, it is critical that the industry become stronger, better, and more supportive than it has even been.

"The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy."

This quote by Dr. Martin Luther King, Jr. is certainly true today as we see differing reactions to the virus.

"The current crisis exposes harmful use of language that can further divide our country and our workplaces. If there was ever a time to have a 'Courageous Conversation,' this is it," said Charmaine Brown, Diversity & Inclusion Leader.

The Center for Disease Control and Prevention states that public health emergencies, such as the outbreak of COVID-19, are stressful times for people and communities. Fear and anxiety about a disease can lead to social stigma toward people, places, or things. For example, discrimination can occur when people associate a disease, such as COVID-19, with a particular population or nationality, even though not everyone in that population or from that region is specifically at risk for the disease.

'Let's stand up for inclusion and confront harmful language that can lead to irrevocably harmful actions," Brown said.

> ***"The current crisis exposes harmful use of language that can further divide our country and our workplaces. If there was ever a time to have a 'Courageous Conversation,' this is it."***
>
> **—Charmaine Brown, Diversity & Inclusion Leader**

The AMDC's mission is to promote unity and bring to light areas where we all can improve. Stigma hurts everyone—it ignites fear and sometimes even anger towards other people.

Let's come together for the good of everyone.

African-American Homeownership Rises 8% in Q4 2019

Data from the U.S. Census Bureau found that the numbers had hit their highest recorded level since 2012. However, is it really that straightforward?

Five Star Staff

Information from the U.S. Census Bureau's Housing and Vacancy Report found that the African-American homeownership has increased 8% in the past six months to 44% in Q4 2019—the highest recorded level since 2012.

However, analysis from the Urban Institute suggests a deeper dive into the stats may be needed.

The report referenced five different sources—the American Community Survey; Population/Housing Vacancy Survey; American Housing Survey; Decennial Census; and the Annual Social and Economic Supplement. The homeownership among those reports fluctuates from 63.8% to 66.9%.

"The Census Bureau reports the margin of error for the [Housing Vacancy Survey] at the 90% confidence level. By adding and subtracting the margin of error from the estimate, we can create a confidence interval in which there is a 90% chance that the true value for the population lies within the interval," the report states. "The smaller the sample, the larger the uncertainty."

Additionally, the report says that some of the biggest differences in the Housing Vacancy Survey do not correspond with decreases and increases in the American Community Survey homeownership rate.

Urban said the confidence interval on the American Community Survey is smaller because of the large sample size, which is why it is used as Urban's "benchmark" for homeownership.

"Measuring the homeownership rate requires balancing the frequency of the estimate and the level of uncertainty you are willing to tolerate," the report said.

Although it can be difficult to track, the Census report revealed the minority homeownership rate rose to 48.6% during Q4 2019—a year-over-year increase of 0.8 percentage points.

The latest figure is the highest it's been since Q3 2011 (48.9%). This increase is higher than the gain in the overall U.S. homeownership rate, which rose 0.3 percentage points to 65.1% in Q4 2019.

The Hispanic homeownership rate gained the most during the quarter—rising 1.2 percentage points to 48.1%

African-American homeownership rose to 44.6% during Q4 2019. The report states this is the largest quarterly gain since Q1 2017.

The Socioeconomic Impact of Post-Foreclosure Sales

A new study takes a closer look at which groups tend to participate in post-foreclosure sales, and how socioeconomic factors come into play.

Five Star Staff

Many foreclosures during the recession occurred in minority or disadvantaged neighborhoods, the Joint Center for Housing Studies of Harvard University (JSHS) notes, but in a paper recently published in City and Community, Jackelyn Hwang, Assistant Professor of Sociology at Stanford, takes a closer look at how foreclosure purchases shift at the neighborhood level, with a focus on Boston.

In her study, titled "Racialized Recovery: Postforeclosure Pathways in Boston Neighborhoods," Hwang found that many differences are tied to management practices. Hwang said that corporations were more likely to purchase foreclosed properties in predominantly African-American neighborhoods. Meanwhile, owner-occupants were more likely to purchase foreclosures in hard-hit mixed ethno-racial neighborhoods with substantial shares of non-Hispanic/Latinx whites.

Foreclosures in Boston are heavily concentrated in African-American neighborhoods, and as JSHS notes, over 80% of Boston's foreclosures occured in just five of the city's 15 planning districts, which make up just 30% of Boston's housing units.

"Compared to the city as a whole, the high-foreclosure block groups were, on average, home to about half as many whites and twice as many blacks," said David Luberoff is Deputy Director of the JSHS. "However, high-foreclosure block groups were not the city's most disadvantaged areas, which have large numbers of publicly subsidized housing units that are not likely to be subject to foreclosure."

According to Hwang, corporations were more likely to resell previously foreclosed properties to other investors and have reported maintenance issues against them. With this in mind, Hwang's study alleges that "predominantly black neighborhoods hit hard by foreclosures in Boston were left further behind in the recovery from the housing crisis compared to other hard-hit neighborhoods."

Stabilization, Hwang notes, would "require resources and incentives for both owner-occupants and investors—both small and large—to maintain their properties and for investors to fill properties with long-term renters."