

The following are the most frequently asked questions about The Two Hundred:

Q. What is The Two Hundred?

A. The Two Hundred consists of a coalition of experienced community activists, financial leaders, government legislators and opinion makers working together to close the wealth gap and make homeownership attainable for low-income people of color.

Q. What is the wealth gap and why is it gaining increased public attention?

A. Most sources define the “wealth gap” as “the unequal distribution of assets among U.S. residents.” If the wealth gap continues to grow it can endanger the economy as well as the very foundation of our democracy. [An Oxfam report](#) revealed that eight people control 50% of the wealth of humanity. This study also revealed that each percentage point increase in a top earners’ income drags down general global economic growth by .08%. Conversely, a rise in wealth in the bottom 20% increases growth. This inequality of income affects economic growth. After all, the more people who have disposable income the more purchasing power available to a larger population. How many yachts can billionaires buy? And how much does yacht buying increase economic growth.

Q. What distinguishes your project from other non-profit housing organizations?

A. Our primary goal is to help narrow the wealth gap by creating a major statewide effort to build at least half a million new homes over the next decade. Most housing organizations have success in promoting, building, and advocating for increased affordable homeless, multi-family, and rural housing. While we support these efforts, we take into account that 90%-95% of all statewide affordable housing efforts focus on building rentals rather than affordable home sales. Rentals fill the greatest need for shelter but they do not open the primary avenue to wealth accumulation that homeownership has done historically and can do again.

Q. Why focus on homeownership as a tool to increase wealth when there are many other contributors, such as salary, jobs or education?

A. While the income and education gap remain important issues, homeownership has historically been the most successful remedy to the wealth gap for mid- to low- income American families. Homeownership allows families to invest in their children’s education, which can lead to higher wages, equity and new businesses. While income and education gaps must continue to receive the attention they deserve, the current focus on the housing crisis gives us a unique opportunity to educate and direct resources to this issue.

Q. Currently 90% of affordable housing being built is for rentals. Why are rentals being built instead of homes for sale?

A. We believe the influx of resources toward home rentals occurs for three reasons:

- a. 90% of U.S. and state government subsidies go to build rentals.
- b. While the current latent defect insurance is only 5 years on rentals, it's 10 years for condos and town houses for sale. This creates an unfair bias against building condos despite the fact that the exact same building can be a rental or a condo.
- c. Many legislators and opinion makers believe we are promoting only single-family houses. However, we believe that condos and townhouses can also begin wealth access for low-income people of color.

Q. Can you give us some examples on how wealth was increased through homeownership?

A. The best example of a successful effort to increase wealth through homeownership in the U.S. took place after the devastating poverty caused by the 1929 market crash and the ensuing Great Depression. The U.S. developed several agencies, including the Federal Home Loan Bank Act, the Home Ownership Corporation (HOLC) of 1933, and the Federal Housing Agency (FHA) of 1934 to help farmers keep their farms and build and finance home buying. The creation of Fannie Mae in 1938 and the Veterans Administration (VA) loan program of 1945 also contributed to an increase in white middle income homeownership. Implemented after World War II by Canada and the U.S., the Marshall Plan, provided resources to build millions of homes in three years in the areas in Europe destroyed by Allied and Nazi bombing. Both of these examples demonstrate how such programs can produce a huge boost to the economy by providing jobs to build homes, supply materials, create infrastructure, and financial investments. They also boost consumer spending as new homeowners need appliances, furniture, insurance and many other household items. Unfortunately, families of color were legally discriminated and excluded from benefiting from these U.S. programs due to a system called "redlining."

Q. How will building homes for low-income minority families be attractive to financial institutions?

A. While minority families as a whole earn less than white families, a sizeable minority of these families are middle-income earners. These families make up a very large untapped market and could make a fair profit for the institutions that can provide the appropriate products.

Q. What makes you think these families want to own homes?

A. Since feudal times home and land ownership has been a dream for most families around the world. In the U.S. home ownership has been a cornerstone of the American Dream, an act associated with civic virtue, thrift, hard work and financial freedom. Many studies prove that homeownership is still a dream for most Americans.

Q. What makes The Two Hundred strategy different from other community, banking or housing organizations?

A. Our approach centers on the creation of a statewide partnership with community groups focused on one objective; to increase homeownership among low-income minority families. While most community organizations attempt to make change through outside advocacy, we focus on our growing coalition of community leaders, legislators, and opinion makers. Our partners are not afraid to roll up their sleeves and engage with the community to solve these issues. To date we have hosted homeownership conferences in Oakland, Fresno, San Diego, Sacramento, and San Jose. We have increased our leadership organization to 300 leaders and expect it to grow to 500 by April 2017.

Q. How do you plan on building the political will necessary to create a viable home building effort?

A. We believe that our advocacy partnership of community organizations, progressive financial institutions, developers, teachers, first responder unions, mortgage brokers, realtors and local legislators will have a strong influence on policy.

Q. Why should financial institutions want to partner with The 200?

A. The Two Hundred focuses on making adjustments to government and private policies that will contribute to an increase in homeownership and, thus, a new source of profit. Financial institutions understand that a thriving middle class is good for business and our economy.

Q. What are your chances of success in building a lasting partnership when you have so many disparate interests?

A. We don't really know, but we do know that our chances are zero if we don't try. Last year we would have said our chances were small but worth the effort. This year we are increasingly optimistic. Many businesses and banking interests have joined us in producing five community conferences across the state. Finally, the critical impact of the growing wealth is penetrating our decision makers' consciousness. The recent Presidential election victory sent a tremendous bolt to our elected officials signifying that the wealth gap can no longer be ignored.

Q. Why emphasize support for only minority families? Didn't families from all

ethnic groups suffer from the housing meltdown?

A. Yes, but minority communities were disproportionately affected. The housing crisis financially ravaged and decimated these communities, many of which were already the lowest on the economic scale. The foreclosure rate for Latinos is 240% higher than that of Whites. For African Americans it is 160% higher. Most disturbing, the Latino community lost \$177 billion in assets and the African American community lost \$144 billion. The collective wealth of these communities that took 60 years to accumulate was lost in just over two years. In 2000, the Asian median household wealth was greater than that of White households. However, by 2009 Asians lost their place at the top of the wealth hierarchy. Their net worth fell from \$168,103 in 2005 to \$78,066 in 2009, a drop of 54%. However, minorities are not the only group needing affordable homes. Nurses, teachers, and first responders are a few examples of other populations who also critically need affordable opportunities for homeownership and who will benefit if we are successful.

Q. What are The Two Hundred's goals for 2017?

A. Our goals for 2017 consist of the following:

- a. Build partnerships with housing advocates.
- b. Encourage developers to include affordable housing among in their plans.
- c. Educate policy makers on the difference between affordable housing, homeownership and how homeownership will close the wealth gap.
- d. Assist policy makers with drafting legislation to help include affordable housing for sale as one of goals on their bills.
- e. Grow The Two Hundred to 1,000 community leaders dedicated to closing the wealth gap through homeownership.

Q. How do you plan to do this?

A. By building trust with housing groups, nurses, teachers and first responders – all groups who need affordable housing assistance. We plan to host a series of assemblies and conferences to develop and work out strategies and plans of action.

Q. Why do you think small adjustments on policies and practices will produce substantial changes in homeownership for low-income minority families?

A. We're realistic and understand that we can't create a new paradigm in homeownership overnight. However, we believe that small changes can amount to a profound difference. By raising the consciousness of policy makers about the power of homeownership as a tool for closing the dismal wealth gap, we believe we can make a difference.

Q. What is your major obstacle to success?

A. A lack of understanding about the degree to which homeownership and the lack thereof affects the income of low- and middle-income minorities and the mistaken belief that affordable housing should focus on rentals. Unless we begin building more homes for sale, decades of lower and middle-income families will remain renters for generations to come.

Q. Aren't you asking for a large leap of faith from potential partners?

A. Yes, we are. However, if we are successful, we can count it as a win, win, win. Yes, three wins; one for our financial partners who will profit, our families currently left behind, and our country, whose middle class has shrunk in the last few decades. By closing the wealth gap we hope to contribute to the prosperity of our communities, state and country.

Q. What makes The Two Hundred Leadership Council unique?

A. The Two Hundred's Leadership Council consists of some of California's most experienced and committed leaders, organizers and activists from over the past three decades. Despite the professional credentials and extensive histories in activism and leadership, our leadership council members receive no stipend or compensation for their participation. Nonetheless, they are not afraid to roll up their sleeves and get into the trenches of with unlimited ideas and energy. Each has their own unique history and brings their own individual experience and expertise to the project. Unlike many boards, they are here for one reason only: to make a difference in the current wealth gap of our country.