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THE NATIONAL ASSOCIATION OF REALTOR SETTLEMENT WILL BE DEVASTATING TO BLACK HOMEOWNERSHIP OPPORTUNITY

Consolidated Board of Realtist, Inc. (Consolidated) has been a champion of "Democracy in Housing" for over 75 years. Consolidated is the Los Angeles chapter of the National Association of Real Estate Brokers. We are writing the letter to memorialize an affirmed stance against the recent affront the NAR settlement represents to fair housing practices by compromising vital home buyer representation.

As advocates for fair and accessible homeownership, Consolidated expresses its members profound concern regarding proposed changes that would shift the responsibility of paying real estate agent commissions directly to home buyers. Currently, the negotiation and payment of commission fees are established between the seller and the listing agent. Consolidated firmly believes that altering this structure will exacerbate existing economic disparities and hinder the dream of homeownership for many individuals, particularly those with limited capital and historically marginalized communities. This is undoubtedly a provocation upon the Black community.

The current commission system ensures that the ability to negotiate real estate agent commissions as part of the marketing packet to increase the desirability of the subject property; which provides home buyers with the opportunity to use their capital for the down payment and other associated cost of homeownership. Any deviation from the current system places an additional financial strain on those already grappling with the high costs associated with purchasing a home. Thus, a decrease in homebuying power will directly affect sellers, as there will be less buyers to take interest in the purchase of their property.

The major consequences of this proposal shall be the increase of the wealth gap, and diminished ability of aspiring homeowners, particularly first-time buyers, to enter the housing market.

Furthermore, this proposed change is extremely troubling when considering its inevitable impact on Black communities. These communities already face significant barriers to homeownership, often requiring additional support such as down payment assistance. Down payment and closing cost are said to be the largest impediment to Black homeownership. Introducing a direct payment obligation for the buyer's agent commission would compound these challenges, disproportionately affecting Black and other minority groups along with perpetuating systemic inequalities.

In Consolidated's commitment to fostering democracy in housing, we urge policymakers and other stakeholders to thoroughly evaluate any proposed changes that would hinder the ability of individuals, particularly those from historically marginalized communities, to achieve homeownership. Instead, let us work together to create policies that promote affordability, accessibility, and fairness in the housing market, ensuring that the American dream of homeownership remain within reach for all.

Sincerely;

Lyric Armstrong, 44th President
Chief Executive Officer
(213)444-6336
Lyric@LJAesates.com