

**How NAR's settlement threatens Black Realtors and homebuyers**  
*"This is a moment in history when NAREB and our leaders must stand up for justice and equality", writes Dr. Courtney Johnson Rose, president of the National Association of Real Estate Brokers*

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When the National Association of Realtors (NAR) recently negotiated a settlement to a series of class action lawsuits targeting compensation for buyer's agents, some experts hailed the move as a "win for homebuyers and sellers" and an "earthquake" that benefits consumers.

However, at the National Association of Real Estate Brokers (NAREB), where we represent Black real estate professionals who most often work with Black homebuyers, we fear the impact for Black agents, brokers and homebuyers will be devastating.

The settlement of the Missouri case, Sitzer | Burnett, which is pending court approval, raises concerns over the resurgence of discriminatory practices that hurt Black real estate professionals and create more barriers for Black families and individuals who want to be homeowners.

At the heart of the settlement is the alteration of the commission structure in real estate transactions. NAR agreed to eliminate explicit broker compensation for listings in the MLS.

While this change aims to introduce fairness and reduce costs, it risks exacerbating disparities, particularly for marginalized communities. The settlement may require homebuyers to pay their agents' fees directly, which could significantly impact Black families and individuals striving to enter the housing market.

Our colleagues at the National Association of Hispanic Real Estate Professionals are also concerned about the impact of the settlement on its members. Gary Acosta, co-founder and CEO of NAHREP, says the plaintiffs and proponents of these lawsuits claim they represent consumers, but, in reality, they have orchestrated "nothing more than vicious attacks on first-time home buyers and small businesses."

**Unique challenges in accessing homeownership.**

Studies conducted by groups ranging from the nonprofit Urban Institute to mortgage loan company LendingTree and even the NAR reveal that minorities, including Blacks, face unique challenges in accessing homeownership due to historical discrimination and economic disparities. The added financial burden of paying agent commissions may further strain their ability to afford homes, perpetuating the cycle of inequality.

In fact, there are more than 2 million African American mortgage-ready renters who are not homeowners, while the Black homeownership rate lingers at 44.1 percent, significantly below the white homeownership rate at 73 percent, a gap of 29 percent. What's more, the elimination of explicit broker compensation in MLS listings opens the door to discriminatory practices, such as "pocket listings," which could turn back the clock and exclude Black buyers from certain properties.

Pocket listings are essentially private listings, also known as an "off-market home listing" and thought of by some as a "sneaky way to sell your home," that enable sellers to directly choose

potential buyers, potentially discriminating against Black individuals or other marginalized groups. With this settlement, the risk of discriminatory practices, like pocket listings, could become more common, threatening to roll back hard-won gains in fair housing and equal opportunity.

### **How NAREB promotes ‘Democracy in Housing’**

At NAREB, we created a task force to study the settlement and our findings echo these apprehensions. In 1947, our founding members established our organization in Tampa, Florida, amid widespread discriminatory practices in housing, like segregation, redlining and their exclusion from the NAR because of the color of their skin. Our motto is “Democracy in Housing” and equal housing opportunity for all.

Many of our members — Black real estate agents and brokers — fear that the settlement could reignite discrimination in real estate transactions, with discriminatory practices such as pocket listings undermining decades of progress in combating housing inequality.

Additionally, the shift in commission structure disproportionately impacts first-time and first-generation homebuyers, many of whom are Black, further widening the racial homeownership and wealth gaps.

At NAREB, we are assisting our members as they navigate these changes. Initiatives such as the NAREB Black Developer Academy provide avenues for economic empowerment and could mitigate some of the settlement’s impact on Black real estate professionals. However, more comprehensive measures are necessary to mitigate the adverse effects on Black real estate professionals and communities.

Down payment assistance programs and tax credits for low-income to moderate-income homebuyers could help alleviate the financial burden imposed by a new commission structure, fostering greater inclusivity in the housing market.

As we confront the implications of the settlement, we are telling our members that we must remain vigilant in upholding principles of fairness and justice in real estate. By addressing systemic barriers and promoting equitable policies, we can strive toward a future where homeownership is accessible to all, regardless of race, religion or socioeconomic standing.

We need both the public and private sectors to recognize that additional burdens may be placed on Black consumers and real estate professionals and to use this moment as an opportunity to adopt measures, such as expanding Special Purpose Credit Programs that can bolster Black homeownership.

Homeownership is the driving force of generational wealth, which was denied to Blacks for decades by discriminatory policies and practices. This is a moment in history when NAREB and our national leaders must stand up for justice and equality. They must acknowledge the devastating impact caused by past policies and not create environments where they can return.

Without a path to homeownership, the dream of equitable communities will never become a reality. We must keep that dream alive in our enduring pursuit of democracy in housing.

*Dr. Courtney Johnson Rose is president of the National Association of Real Estate Brokers. Learn more at the organization’s website: [NAREB.com](https://www.nareb.com)*

