



## NeighborWorks® Center for Homeownership Education and Counseling Facts and Figures

### Homeownership – The Big Picture

#### Homeownership Rates (U.S. Census Bureau)

- Minority ownership rates have increased overall since 1994, but still fall behind
- Overall: 69.2% (2Q-2004) up from 64% in 1994
  - White: 76.2% (2Q-2004) up from 70% in 1994
  - Black: 49.7% (2Q-2004) up from 42.7% in 1994
  - Latino: 47.4% (2Q-2004) up from 41.5% in 1994
  - Asian/other: 58.7% (2Q-2004) up from 51.4% in 1994

#### Wealth-Building

- Overall, the median net worth of a lower-income homeowner is more than 13 times that of a similar renter (JCHS).
- 69% of the total net worth of these homeowners comes from home equity (JCHS).
- Within the NeighborWorks® network, the typical family assisted will accumulate more than \$43,000 in home equity in one decade of ownership.
- NeighborWorks® Center for Homeownership Education and Counseling efforts will exponentially increase this impact through certified practitioners and service providers nationwide.

#### Family and Community Stability

- Homeowners typically live in a community 3 times longer than renters – more than 1/3 of low-income renters move yearly, while less than 8% of low-income homeowners do. (Census)
- Ownership builds confidence. Owners are 15% more satisfied with their home and 20% happier with their neighborhood than renters living in similar units (Census)
- Ownership aids positive family environments. Homeowners are 59% more likely to own a home within 10 years after moving from their parents' household than similar children of renters; 25% more likely to be high school graduates, and 116% more likely to be college graduates.
- Homeowners are 28% more likely to repair or improve their homes than renters.

### The Impact of Homeownership Education and Counseling

- Current estimates are that only 15% of first-time homebuyers receive quality training (Millennial Housing Commission Report).
- High-quality education and counseling reduces delinquencies at the 90-day mark by up to 34% (Freddie Mac, 2001):
  - Individual -- lowers by 34% (at 90 days)
  - Classroom -- lowers by 26% (at 90 days)
  - Home study -- lowers by 21% (at 90 days)
- Credit and financial knowledge gap persists.

- Roughly 12 million U.S. households lack checking accounts from financial institutions (Federal Reserve).
  - 80% are households with less than \$25,000 annual income
  - 50% are minority households
  
- When asked if this statement was true or false --“If you want a mortgage, you have to accept a 30 year commitment” – the following answered correctly (false). (2003 Fannie Mae National Housing Survey)
  - 74% general population
  - 60% African American
  - 65% English-speaking Hispanic
  - 27% Spanish-speaking Hispanic
- Counseled borrowers half the default-risk of non-counseled. Lenders can better measure “ability to pay.” (Ohio State University, 2001)

## **The Role and Impact of NeighborWorks<sup>®</sup> Center for Homeownership Education and Counseling (NCHEC)**

### **Output Projections**

- Train and certify more than 2,000 counselors per year by 2006, nearly three times the current output (700 this year through NeighborWorks<sup>®</sup> training efforts)
- Counselors trained by NCHEC in turn provide education/counseling services to more than one million households annually by 2007 (more than a three-fold increase from 291,000 reached in 2003)

### **Customer Profile Based on NeighborWorks<sup>®</sup> Experience**

- NCHEC will focus on households that earn less and are more diverse than the overall homebuyer population. For example, the ongoing NeighborWorks<sup>®</sup> Campaign for Home Ownership, which addresses a market similar to NCHEC’s, has produced the following results:
  - 94 percent of Campaign-assisted families are first-time buyers;
  - 90 percent are low- or moderate-income households;
  - 67 percent earn less than 80 percent of area median income;
  - 52 percent are ethnic/minority households; and
  - 43 percent are female-headed households and 25 percent are male-headed (remainder are joint buyers)

### **Economic Impact**

- \$3 billion per year in home equity wealth growth for new homeowners
- \$7.6 billion per year in Realtor<sup>®</sup> fees and lender revenues
- \$1.9 billion in sales of household goods and home maintenance products to new homeowner households
- \$1.3 billion in costs saved by preventing foreclosures

(Estimates are based on assumptions of an average home purchase price of \$100,000; average buyer income of \$33,000; and 634,000 new homebuyers assisted from 2004 through 2007. The new homebuyers projection is that of the more than 2.5 million homebuyers to be counseled by NCHEC-trained counselors from 2004-2007, approximately 25% will buy a home.)