

# COMMUNITY FIRST

## Ensuring housing development meets the demands of the market and existing residents

November 2017

Minnesota Housing Partnership

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

EQUAL HOUSING OPPORTUNITY

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### *Disclaimer*

This report was produced by Minnesota Housing Partnership for the Department of Housing and Urban Development in 2017. Research was executed and provided by Econometrica. While extensive research and interviews were conducted, this report is not an exhaustive or comprehensive survey of the many demand-side approaches to creating vibrant, sustainable, mixed-income neighborhoods. The information and programs provided in this guide seek to assist designers in creating a successful strategy.

## Overview

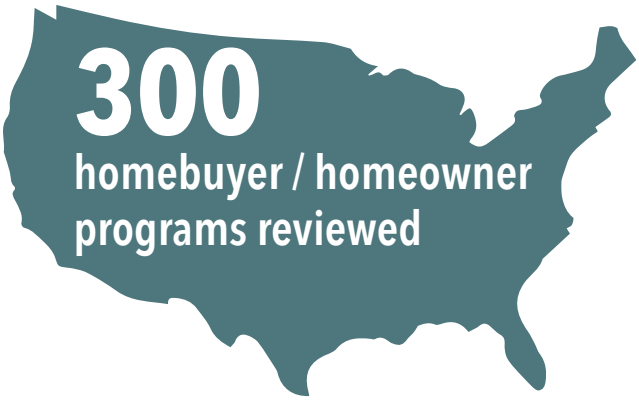
To meet its mission to "create strong, sustainable, inclusive communities and quality affordable homes for all," HUD programs like HOME and the Community Development Block Grant (CDBG) provide funding for a wide range of activities for communities to meet their unique housing needs. Yet, many local programs focus on increasing the supply of housing without explicitly integrating the needs and interests of market or community demand. When organizations spend much of their funding for subsidized homebuilding without engaging potential buyers, they may fail to reach their target market.

### Purpose

To achieve stable, high-quality, and mixed-income neighborhoods, homeownership must be available to a diversity of households, including seniors, veterans, low-wage workers and families of different cultural backgrounds. This guide explains important market factors grantees and subgrantees should consider when analyzing and understanding the characteristics and needs of their potential buyer markets and how to attract homebuyers to targeted neighborhoods.

The purpose of this guidebook is to assist local program designers in

- » understanding their homebuyer market
- » identifying and addressing existing barriers
- » establishing appropriate home ownership programmatic approaches, in their marketplace, to attract and support buyers to invest in properties in targeted neighborhoods




To create this guidebook, Minnesota Housing Partnership and Econometrica researched and identified more than 300 homebuyer / homeowner programs across the United States[1] and, from this nationwide sample, identified best practices and innovative ideas in this area. Many of these programs engaged buyers in innovative ways, by either reaching out to underserved populations, streamlining and integrating components of the home buyer process, or developing new approaches to traditional homeownership assistance.

### Cultivating a balanced approach

While there is a wealth of information, programs, and tools for localities to address properties that need substantial renovation or should be replaced with new construction, there is very little guidance focused on how organizations are reaching out to and/or connecting with potential home buyers. Failing to understand the community's targeted buyers' market often results in a completed project sitting empty for longer than anticipated, subject to vagrants, vandalism, and ultimately additional expenditures. Instead of focusing solely on the supply of affordable housing, successful development or redevelopment must also include strategies aimed at attracting and supporting buyers—the demand side.

**1** The full Econometrica report is included as an appendix to this document and a database of innovative programs is online here.

## Market assessment

Stable communities contain a mixture of ownership and rental housing options that are affordable to a range of household incomes and sizes, and include a variety of accessible community amenities. The economic strength of a neighborhood's housing market will determine the type of homeownership assistance needed and the population it serves.

### High-cost vs low-cost markets

Understanding the type of housing market in a community or target area is central to creating a successful program and cultivating effective marketing. As outlined in the table below, strategies are quite different for high- and low-cost markets.

### Understanding housing needs

A housing study can be an important first step in assessing the market and determining an approach that will meet the needs of the community.

Many localities and organizations enlist the services of a third-party consultant to conduct a comprehensive housing market analysis, which is the collection of current population demographics and residential properties in a specific community. To address the supply side, the study will include various housing characteristics, including the age of existing homes, number of owner-occupied homes, and median home value, along with a rental market analysis.

| Market Type | Description | Stabilizing Strategies |
|---|---|---|
| **HIGH COST MARKET** | In a high-cost market, the fair market value of homes is higher than what a low- to moderate-income household can afford, spending no more than 30% of their annual household income for monthly housing expenses. Typically, this is an area with rising market prices and low vacancy rates, where homes are not reasonably affordable to all income levels. | Create new affordable housing opportunities for lower-income households<br>Provide tenant- or owner-based affordability assistance |
| **LOW COST MARKET** | In a low-cost market, the fair market value of homes is affected by other less desirable market factors, for instance a larger number of older, substandard properties; vacant properties or land; or higher incidence of crime. Typically, homes are affordable to all income levels but desire to live in the area is depressed. | Create programs to address blighting influences<br>Eliminate barriers hindering existing resident's ability to become homeowners<br>Initiate incentive programs to attract new moderate to middle-income households to the community |

To address the demand side, most housing studies will conduct a demographic analysis that includes important data like median age, household size, income, and population growth patterns. The study will also include employment analysis, noting current professions and employment opportunities, wages, transportation and commuting patterns. Most housing studies will provide information about existing residential and commercial structures, such as added amenities, median sales price, or rents, as well as new developments that are under construction or proposed for the near future. A good study will also include information about cost-burdened households — residents who are paying more than 30% or 50% of their household income for rental or ownership housing.

Overall, the housing study contains recommendations and conclusions localities and organizations can use to better understand the current marketplace, and identify existing barriers or gaps. Using information from the housing study, the community has a baseline to collaborate with community stakeholders to develop programmatic approaches that address identified housing issues.

## Identifying target audiences

While demographic data can reveal important trends, certain populations may warrant specific attention for efforts to be successful. For instance, encouraging homeownership isn't a universal solution; some households may not be prepared or appropriate for homeownership. Understanding the markets broadly can lift the entire community, while focusing too narrowly may yield limited results. Some considerations could include:

» EXISTING RESIDENTS: Asking existing residents about their needs and desires and listening to their feedback and vision is imperative to craft solutions that serve both present and potential residents. Notifying and educating residents of new opportunities, financial qualifications and resources available allows them an opportunity to rent or buy before offering such opportunities to external or new residents to the community.

» CULTURAL COMMUNITIES: In certain cultural communities, homeownership may be uncommon and outreach or tools specific to the language or barriers for particular populations may be necessary to engage that segment of the potential market.

» SENIORS AND THOSE WITH DISABILITIES: The elderly and disabled face challenges that may make it especially difficult to find suitable housing. The amenities they need are not available in all houses, and they may require expensive upgrades.

» LOCAL WORKFORCE: Employee housing is an important way to enable low- and moderate-wage employees to live near their work. In high-cost areas, employee housing programs allow employees who would otherwise have excessively long commutes or high housing expenses to remain in the area. In areas with weak housing markets,

### TIP: CREATE COLLABORATIVE PARTNERSHIPS

A housing study can be a great tool for collaboration among different entities and organizations. Collaborative partnerships ensure that organizations working within a specific community complement and enhance – rather than duplicate – each other's efforts. For instance, the **Sustainable Home Ownership Project (SHOP)** is a collaborative partnership between seven entities working to increase home ownership on the Pine Ridge Reservation in South Dakota. These organizations collaborate to provide coaching, credit building, lending, and Individual Development Account (IDA) support to individuals looking to purchase a home. To that end, SHOP recently rolled out a joint intake system, which allows SHOP organizations to share client information and streamline the referral process.

employers may need to incentivize employees to live in proximity to their workplace.

## Community Input

Community input is more than a task on a checklist; it is the cornerstone of successful community development. Without meaningful and effective insight from current and potential residents, it is impossible to *supply* the type of projects that the community *demands*. The community input process, in its ideal form, gives the grantee and community members an opportunity to share information about goals and needs, changing market conditions, and opportunities and barriers that might affect the program. This is indispensable knowledge in creating inclusive projects that are successful and sustainable in creating stable, mixed-income neighborhoods. It's also critical that government officials outline financial and policy constraints to ensure appropriate expectations that don't promise the community more than can be delivered.

### Community Input Process

To gain meaningful input, community engagement processes must be inclusive. At a minimum, input must be solicited from directly impacted communities, including residents, businesses, and community institutions in the proposed target areas.

Too often, grantees notify and seek feedback from community stakeholders once they have designed a specific program or revitalization endeavor. Successful organizations working in low-cost markets **begin** with community engagement, seeking to understand the historical or cultural strengths of the community as well as the financial capacity of the community, to establish a common perspective and begin to build trust and accountability.

Listening to current residents gives the community voice and ownership of their neighborhood, participating as a key stakeholder in the design of programs and projects. This ownership allows residents to take advantage of programs that will also be offered to attract new residents to the community. This is crucial in balancing and accommodating the needs of the rooted residents that have a longstanding stake in the community while allowing for and embracing the changes necessary to create a strong and stable neighborhood for all.

### Methods for Generating Community Input

Grantees should use a mix of communication tools to reach the broadest possible audience. The following methods can be used to solicit meaningful community input:

» Partner with trusted groups in the community to engage impacted and prospective residents. Genuinely engage with perceptions that the housing system is not inclusive or responsive; and that decision making and development are dominated by external "expert" organizations. Discuss rather than discount concerns that new rental or ownership options are "not for us" (current



residents), but intended to move higher income households into lower income areas.

» Go to the places where the affected community lives, works or recreates, including restaurants, community centers or places of worship. Meet with the pastor, rabbi or imam directly, explain the program and what you're trying to accomplish. Request to address the community and then keep them updated over time as the program progresses.

» Hire a community organizer to engage residents and stakeholders.

» Provide translations for populations with limited English proficiency, and use media resources (such as newspapers) that are available in those languages. Understand that some cultures are more easily engaged face-to-face or through oral engagement; consider door knocking and/or utilizing bilingual outreach to garner input or participation from underserved communities.

» Host community meetings where a draft plan is offered for focused response in the potential target neighborhoods, with opportunities for verbal or written feedback — and with clear expectations and accountability in how that feedback will be responded to or incorporated.

» Convene focus groups of neighborhood residents and local businesses.

» Send email solicitations to citizens, nonprofits, public agencies, and officials — and post to relevant listservs that include members of stakeholder communities.

» Advertise and market in public places, such as libraries, supermarkets, city buildings, city buses, downtown kiosks.

### TIP: HIRE A COMMUNITY ORGANIZER

Community organizers can act as a key bridge between neighborhoods and programs by ensuring that initiatives effectively serve the communities in which they're based. When **Duke-Durham Neighborhood Partnership (DDNP)** attempted neighborhood revitalization in southwest central Durham in 2000, a community organizer with strong neighborhood ties utilized the "technology of participation" method and listening sessions to gather input and better understand how to help community members meet their goal of homeownership. To help make homeownership in Durham's downtown Southside neighborhood possible for Duke employees working in grounds, housekeeping, and food services, DDNP's community organizer collaborated with local partners to create the Homebuyers Club. Established in 2013, the Homebuyers Club provides homebuyer education, savings counseling, credit repair support, and additional workshops developed in response to input and requests from community members. Of the initial group of Duke employees interested in purchasing a home in Southside, approximately 30 joined the Homebuyers Club, and, as of mid-2017, at least 13 had purchased a home.

» Utilize online networking tools such as Facebook, and online surveys such as Survey Monkey.

## What Community Input is Needed

What questions the grantee asks, and how it asks them, may impact the quality of the feedback it gets from its community members. It can be helpful to approach the community input process with a focus on sharing information. Community members as well as potential participants and stakeholders should

### TIP: BUILD LONG-TERM RELATIONSHIPS

For entitlement jurisdictions, community input is imperative to receiving federal funding. For instance, the **consolidated planning** process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs. Similarly, the **Assessment of Fair Housing**, required by the Affirmatively Furthering Fair Housing rule, mandates jurisdictions work with communities to analyze challenges to fair housing choice and establish goals and priorities to address the fair housing barriers. These are key opportunities to cultivate strong, accountable relationships with community members over the long term.

have an understanding of both resource limitations and programmatic goals early in the process.

Such early discussions can serve to (1) describe what the community members want and can afford, (2) bring forth additional ideas about possible program approaches that could improve results, and (3) identify resources and skills that may provide additional support, which will result in a targeted, realistic development program.

The grantee should seek feedback related to the following questions:

- How can the grantee measure how well it achieves the program goals (outcomes)?
- How will progress toward the goal(s) in the short-term (outputs) and achievement of outcomes in the long-term be measured?

When the formal community input process concludes, the grantee should provide thoughtful consideration to the feedback it has received to develop its program goals and determine the program design. In a dynamic program, the grantee will continue to engage the community (its clients) during program implementation, and refine its goals and methods as changing needs require. Ultimately, no project can be successful or sustainable if it doesn't directly address the needs and actively overcome the barriers of potential residents.

## Leveraging resources

Before making final decisions about program design and methods, and in addition to using the market data or community input, the grantee should evaluate its proposed activities in the context of the constraints and opportunities that are presented by its funding availability, staff and partner capacity, and resource deadlines.

### Funding

To leverage is to add resources and increase the affordability of the targeted buyer group by using federal resources to incentivize more funding. Grantees should seek opportunities to coordinate with other public and private resources, including local and national foundations active in their community.

The grantee must evaluate the cost of any programs it considers, and should compare the cost of its program options. In addition, the grantee should consider ways to leverage additional resources

- What are the community's long- and short-term goals?
- What resources are available to achieve goals?
- What lessons have been learned from past development programs (both pitfalls and opportunities)?
- Are there potential partners or other community members or stakeholders, who should be involved in the discussion of the community's needs, or who can help with program implementation?

to address homeownership opportunities on a sustainable basis. While program goals should be aspirational, they should also be based upon reasonable expectations of what can be accomplished. The grantee should consider:

» **Given the housing market conditions, what are the most appropriate program types, and of those, which are most cost-effective?** Consider which local goals have greater priority because of both need and the resource capacity to address that need successfully.

» **Among the potential target areas, which are the best fit for the available resources?** Consider neighborhoods that could best benefit from a focused approach, and neighborhoods where the scale of the housing needs can be addressed with CPD funds plus other available resources.

» **Which demographic group will be served by the project — and what outreach or marketing will be necessary to attract and engage them?** Consider the barriers the buyer or renter might face and explore ways to partner with organizations that can help potential residents overcome those challenges.



## Financial Assistance and Homebuyer Counseling

The terms for most conventional mortgages and loans make them inaccessible to buyers who have low credit scores, low incomes, and/or are seeking to purchase in blighted areas. Housing counseling programs provide critical information to buyers on how to maintain or build credit, buy a home, or avoid foreclosure.

Successful organizations in low-cost markets often integrate housing counseling with other economic and social services. This approach provides residents with an opportunity to become a homeowner by connecting interested buyers with needed resources and "trusted" community social service partners.

» HUD provides support to a nationwide network of **Housing Counseling Agencies (HCA)** and counselors, trained and certified by HUD to provide tools to current and prospective homeowners, so that they can make responsible choices to address their housing needs in light of their financial situations. *hudexchange.info/programs/housing-counseling/*

» **NeighborWorks America** trains housing counselors nationwide, providing turnkey technical tools and published reference materials that can be used to help their customers reach financial goals, achieve homeownership or cope with the threat of foreclosure. *neighborworks.org/Homes-Finances/Homeownership*

» Some additional trends in homeowner counseling include language-specific programs, online offerings and counseling for different types of homes beyond single-family. For instance:

» A program of the **Community Development Corporation of Brownsville**, *RGV Casitas* serves Brownsville, Texas, residents by offering Spanish-language assistance to potential buyers, working in conjunction with other CDCB services.

» A collaboration between service providers in Southern California focused on housing assistance, the *Virtual Counseling Network* connects clients to counselors and coaches using a secure Internet connection. This service provides individualized assistance and group trainings, along with online training.

» A homeownership course focused specifically on condominium buyers, the **Northside Community Development Corporation**

in Chicago provides a course that walks potential buyers through the specifics of Illinois condominium rules, including legal requirements of associations, annual budget, and rights and responsibilities of owners.

## Affordability Grants and Forgivable Loans

Low-income home buyers frequently lack the required up-front funds to buy a house. In response, a number of nonprofit organizations work with low-income families providing financial education to reduce debt obligations and increase savings by setting up an Individual Development Account (IDA), which can be used to buy a house.

Grantees can match a household's IDA with a minimum investment of CDBG funds, which incentivizes their saving for their downpayment and closing costs. If CDBG funds are used solely as downpayment assistance, only 50% of the lender's required downpayment requirement can be from CDBG funds. This grant investment enables families to obtain funding without the obligation of repayment, allowing families whose incomes may fluctuate or who have poor credit to buy a home, building their commitment to homeownership.



Deferred loans provide a greater investment and are forgiven over time, which prevents recipients receiving a windfall profit and offers the family an incentive for longer term stability. Some organizations establish programs that share equity increases over time with the borrower and/or require full repayment upon sale of the home. Recipients of affordability funding may still require assistance obtaining a mortgage and maintaining a house, so many assistance programs offer housing counseling, as well. Simply offering up-front affordability financing is typically insufficient; successful programs include additional outreach to help buyers remain in their homes.

### TIP: LEVERAGE PRIVATE AND PHILANTHROPIC FUNDING

In 2011, three major Detroit, Michigan, employers – Wayne State University, Detroit Medical Center, and Henry Ford Health System – partnered with **Midtown Detroit, Inc.** to attract their employees to the Midtown area through rental, home purchase, and exterior improvement programs. Each employer contributed $1 million to the Live Midtown program over five years, with additional support from local foundations and the Michigan State Housing Development Authority. Over a five-year period, Live Midtown attracted more than 1,200 new residents to the Midtown area.

## Program and Project Level Partnerships

Identify non-federal financial resources that can facilitate development, spread risk, and reduce the amount of federal funds necessary to a project. Developed over 12 years by **Homes 4 Families, the Enriched Neighborhoods** model builds wealth, stability, and thriving communities for low-income veterans and their families through affordable homeownership and wrap-around services. Enriched Neighborhoods comprise of 12 or more affordable homes, community spaces, and access to services that foster self-sufficiency – from credit building to support for Post-Traumatic Stress Disorder. Homes 4 Families partners with non-profits, government entities, and corporations to provide training and oversight to implement the model in California communities. For example, through a close partnership, Homes 4 Families and California Department of Veterans Affairs created the Residential Enriched Neighborhoods (CalVet REN) program. Established in 2014, the first CalVet REN development filled immediately with 12 homes selling for $266,000 in a market where the average four-bedroom sells for $330,000.

## Program design

By reviewing programs nationwide, this guide summarizes a number of innovative and potentially replicable strategies being utilized by nonprofit, state, and local entities to increase homeownership in both high- and low-cost markets. It addresses some of the most common demand-side challenges.

### Displacement of low-income populations

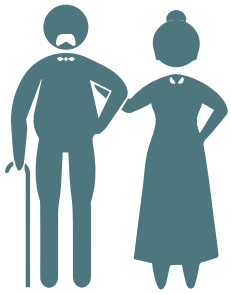
Economically and socially, many families state that they want diversity — both racial and economic — in their neighborhood. Unfortunately, while redevelopment and enticing new, higher-income households to become residents potentially holds this promise, it can change neighborhoods in a way that they become either unaffordable or unfriendly to long-time residents. Many localities and organizations are working to prevent displacement and stabilize housing for current residents. Some strategies include:

» COMMUNITY LAND TRUSTS (CLT): CLTs can significantly reduce the price of a home using government funding, grants, and private donations. In exchange for a reduced price for a home, families agree to certain resale restrictions. The resale restrictions allow for a fair return on the household's equity investment, yet keep the sales price affordable to future lower-income residents. Many such programs also include housing budgeting, and financial management counseling, and default counseling for all applicants and homeowners. Examples include the **Northern California Land Trust** and **OPAL Community Land Trust**.

» MORTGAGE PRODUCTS: In many communities, programs aim to stabilize neighborhoods by providing current homeowners who are facing foreclosure with the ability to renegotiate their mortgage and stay in their homes even as property values rise. For instance, the *Home Save* program, administered by the **Neighborhood Assistance Corporation of America**, permanently reduces the interest rate to as low as 2%; and reduces the outstanding principal, saving hundreds of dollars sometimes more than $1,000 per month.

» BUYER-DRIVEN DEVELOPMENT: A number of communities have created a buyer-driven revitalization program, allowing qualified buyers to select their own home within certain parameters. This approach allows the community to upgrade older properties, which would otherwise be unaffordable, encouraging homeownership in low-cost communities and creating a stabilizing effect for the overall area. For instance, the *Mesa Home Ownership Project* in Tempe, Arizona, allows qualified buyers to find the house they want. If the property meets program requirements, the city renovates the home and sells the completed property to the homebuyer.

### Seniors and people with disabilities



In high- or low-cost markets, the elderly and disabled face challenges that may make it especially difficult to find suitable housing. The amenities they need are not available in all houses, and they may have needs that range from physical requirements for accessibility to access to social services and community support. Some strategies to attract and maintain these homeowners include:

» LOANS OR GRANTS TO FUND STRUCTURAL IMPROVEMENTS: The **Alaska Community Development Corporation** offers two programs that provide up to $15,000 loans to seniors and people with disabilities to make accessibility improvements to owner-occupied homes.

» SPECIALIZED COUNSELING AND SUPPORT FOR FAMILIES AND INDIVIDUALS WITH DISABILITIES: The **PACE Homeownership Coalition** provides Individual Accessibility Needs Assessment; advocacy and other assistance through the home-buying process; linkage to financial assistance for home purchase/modification and more.

» INTEGRATING HOUSING COUNSELING WITH OTHER SERVICES: For the elderly and disabled, integrating counseling with other social services makes it more easily accessible to elderly and disabled homeowners and home buyers.

» HOME-SHARING PROGRAMS: Home-sharing programs specialize in pairing an able-bodied person with an elderly or disabled person in exchange for reduced housing costs.

» OPPORTUNITIES OR INCENTIVES FOR MULTI-GENERATIONAL HOUSEHOLDS: At **Bridge Meadows** in Portland, Oregon, elders 55 and above and making less than 60% of the area median income live in community with families of youth formerly in foster care. Trained therapists support residents and facilitate relationship building between elders and families. Elders commit to a minimum of 100 volunteer hours per quarter, sharing their talents with youth and their parents by teaching Spanish classes, hosting book clubs, and more.

## Workforce/employee housing needs

Employers suffer when their workers endure excessively long commutes or struggle with high housing costs to remain close to their workplace.



When low- and moderate-wage workers have to drive to achieve affordability or sacrifice basic needs to pay the rent, they are less likely to be productive, happy, engaged in their community and committed to their jobs long-term. The bottom-line: It pays dividends to employers when their workers are able to live close to their job.

In high-cost areas, employee housing programs allow employees who would otherwise have excessively long commutes or prohibitively high rents to remain in the area. In areas with weak housing markets, employers may need to incentivize employees to remain. Programs often provide participating employees with a forgivable loan or grant to remain in the city or in a specific neighborhood.

This is true both of programs in high-cost markets, where the subsidies are intended to allow employees to live near their jobs, and low-cost markets, where subsidies are intended to incentivize workers to remain. Strategies include:

» FORGIVABLE LOANS: The *City-University Partnership's Homeownership Program* aims to increase the number of University of Maryland and City of College Park employees living in the city by providing $15,000 in forgivable loans to full-time university and city employees to buy homes in College Park.

» GRANTS: *Live Near Your Wor*k is a benefit offered to the faculty and staff of Johns Hopkins University and Health System to assist with down payments and closing costs for homes in select neighborhoods surrounding the East Baltimore and Homewood campuses. The grant ranges from $5,000 to $17,000 in value, depending on the neighborhood.

» SUBSIDIES: Renters can receive up to $2,500 in rental subsidies for their first year living in Detroit's Midtown neighborhood and up to $1,000 in their second year as part of the *Live Midtown* program. To be eligible, participants must work for one of three partner institutions: Wayne State University, Detroit Medical Center, or the Henry Ford Health System.

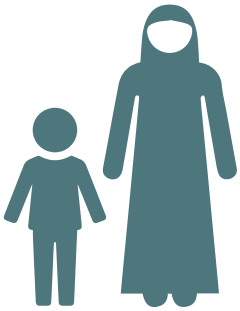
» PROFESSION-BASED INCENTIVES: The national *Teacher Next Door* program matches individuals in professions like education, civil service and public safety with available federal, state, and local funding. The *Ohio Heroes* program, administered by the **Ohio Housing Finance Agency**, provides loans and down-payment assistance to state residents with a minimum credit score who serve the public, including doctors and nurses.

» ENGAGING PRIVATE PARTNERS: Duke University provided a $10,000 five-year forgivable loan to University employees to cover the down payment on a home and attract Duke employees to the nearby Southside neighborhood, which was undergoing revitalization efforts.

## Low income households

Many homeownership assistance programs are designed to serve low- and moderate-income families. Homeownership can stabilize housing costs for low-income families in housing markets with rising rents, enabling low-income families to both remain in neighborhoods with rising housing costs and reap some of the benefits in the form of equity. In neighborhoods facing abandonment, encouraging low-income residents to buy homes increases their investment and can spur revitalization efforts. Strategies include:

» LEASE TO PURCHASE: In Madison, Wisconsin, the **Urban League**'s innovative *Single Family Home Ownership* program creates a unique opportunity for low-income families to acquire substantial home equity. This program, funded in part by the City of Madison CDBG Program, provides single-family housing with affordable rents and an option to purchase at the end of the program.



» LOANS AND SERVICES: Together with Habitat for Humanity, the **California Department of Veteran Affairs**' *Residential Enriched Neighborhoods* program makes it possible for low-income veterans to buy homes in high-cost areas — in a neighborhood specifically designed for veterans and their families with ongoing services related to financial, mental and physical wellbeing.

» SELF-HELP / "SWEAT EQUITY:" Self-help programs train and assist the families and volunteers to build houses, which substantially reduces the cost of housing while also teaching participants construction skills. However, families with limited time may not be able to participate, and disabled or elderly buyers may have difficulty contributing sweat equity.

» SECOND LOAN / MORTGAGE: The *House to Homeownership* program provides buyers in Boulder, Colorado, with a second loan so they can make a larger down payment and thus lower monthly mortgage costs. To receive the loan, the buyer typically has less than $25,000 in assets and must have a demonstrated gap between assets available and those needed to close the transaction.

## Cultural outreach

Housing counseling programs must address concerns specific to communities where home buying is uncommon or where residents are wary of the home-buying process in order to assist these buyers and owners. For non-English speakers, housing counseling offered only in English poses an additional barrier. The best outreach programs do not simply provide counseling in a language other than English; they integrate housing counseling with other services and collaborate with other providers. Strategies include:

» COLLABORATIVE PARTNERSHIPS: Seven entities on South Dakota's **Pine Ridge Reservation** integrated their efforts to increase homeownership through the *Sustainable Home Ownership Program (SHOP)*. Each entity offers unique services ranging from credit counseling and lending services to homebuyer coaching. To ensure clients access the services they need, participating organizations created a joint intake system to streamline the partner-to-partner referral process.

» RESPONSIVE PROGRAMMING The **Duke-Durham Neighborhood Partnership (DDNP)** collaborates with several partners to create responsive educational programming for homebuyers and homeowners by asking community members which topics to explore in their *Homebuyers Club* workshops. For instance, DDNP and partners created the "Staying Put in Your Home" workshop to address how homeowners can respond to increasing property taxes and home values and follow city zoning requirements.

» STRATEGIC MARKETING: **Chicanos por la Causa**, a well-established nonprofit community development organization based in Phoenix, Arizona, keeps target communities in mind when advertising available programming. To publicize homeownership opportunities in Latino communities, Chicanos por la Causa arranged for a 30-minute spot on a popular Latino television station.

## Incentivizing mixed-income neighborhoods

In low-cost markets, it can be difficult to attract residents with higher incomes to purchase homes. It is also difficult to find loans for extensive repairs in less-desirable areas. Programs that offer low- or no-interest loans for first-time home buyers can encourage people to live in certain areas and help create mixed-income communities. Strategies include:

» MORTGAGE PRODUCTS: *Grants for Grads,* a program of the **Ohio Housing Finance Agency**, provides recent college graduates down payment assistance, along with a discounted mortgage interest rate. Eligible buyers are moderate income, have a credit score of 640 or higher, and have earned a post-secondary degree.

» REIMBURSEMENT: The *Re:New Haven* program provides down payment assistance for first-time home buyers, energy efficiency loans, and tuition reimbursement. The Re:novate loan is a forgivable loan of up to $30,000 for energy-saving home upgrades. After 10 years, the loan is forgiven for residents who continue to owner-occupy their property.

» CLOSING COST ASSISTANCE: The *Vacants to Value* program in Baltimore, Maryland, incentivizes redevelopment of abandoned properties by providing applicants with a $10,000 toward closing costs for the purchase of a formerly vacant home, and allows buyers to build home renovation loans into their mortgage.



## Summary and conclusion

An in-depth, nuanced understanding of homebuyer markets is critical when developing ownership programs. Local program designers looking to make long-term investments in targeted neighborhoods need to be more proactive in involving their community as they begin identifying and addressing ownership barriers and develop strategies for attracting and supporting buyers.

The strength of the housing market affects the type of homeownership assistance provided and the population it serves. In high-cost housing markets where gentrification is a concern, programs tend to focus more on preserving affordable housing. Common strategies include creating land trusts and deed-restricted housing to preserve the housing supply, and conducting outreach to non-English speaking minority groups.

In softer or lower-cost housing markets where abandonment is a concern, effective strategies include upgrading existing properties, revitalizing neighborhoods, and neighborhood promotion. In weak housing markets, self-help programs tend to focus on repairs, and subsidies and outreach target buyers who might have the means to purchase a home, but are concerned about the quality of the neighborhood.

Some demand-oriented programs served both high-cost and low-cost markets; these programs generally target populations that are underserved regardless of the housing market, such as intergenerational families, elderly or disabled families, or teachers and other moderately paid civil servants.

By understanding their community (clients), practitioners will locate other organizations for partnership and collaboration, building critical mass. A successful overall approach is holistic, addressing diverse community needs in various stages and types of housing. To create access to opportunity and empower economic mobility while reinvesting in communities, program designers must use an integrated and balanced approach.

Learn more about Minnesota Housing Partnership
at www.mhponline.org



ECONOMETRICA, INC.

# APPENDIX

# Home Buyer Demand-Side Market Analysis

**Contract No.:**
**MHP-O-11-0502**

**Project No.:**
**2451-000**


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# 1. Introduction

The purpose of this project is to identify programs that focus on providing tools to potential home buyers. Rather than focus on the supply of affordable housing, counseling for low-income families, or mortgage products for low-income families, we attempted to find marketing strategies aimed at the buyers—the demand side. This is a challenging task since almost none of the support is on the supply side. While supply-side products are meant for buyer use, it is not clear how the providers of these services are supplying them to their customers. Programs that focus on increasing the supply of housing without considering the interests of potential buyers may fail to reach their target market. Nevertheless, organizations spend much of the funding for subsidized homebuilding without directly engaging potential buyers.

To identify and assemble existing and available innovative demand-side programs that support homeownership for generally low-income populations, we conducted a web-based search and developed a database of existing and innovative homeownership programs. By mapping innovative programs, we were able to identify strategies that appeared to be more effective in different markets. We also noted where there were gaps in innovative programs, or where we found few demand-oriented programs. Of the programs found in this initial scan, Econometrica and Minnesota Housing Partnership (MHP) culled the list down to 53 programs representing best practices.

This report summarizes innovative nonprofit, state, and local initiatives to increase homeownership. The report is organized by target population. Each section consists of a paragraph explaining our search process and findings, the highlights of what we found, and any perceived gaps in service. In some instances, we were unable to find any innovative programs serving an identified population. We address these populations in the conclusion. By assembling this list of best-practice programs, we identify effective ways for organizations to reach out to buyers and indicate which populations organizations are not reaching.

# 2. Methodology

The Econometrica Team defined a search methodology that was consistent, repeatable, and flexible enough to alter or expand as we acquired new information. We developed a framework for searching for programs that were demand-oriented. We identified target populations, program keywords, and housing issues, and tested the keywords to determine whether they were effective in finding demand-oriented programs. In addition, MHP sent us a sample list of relevant organizations, which we used to conduct a reverse search to identify search terms. We tested 141 search terms using a U.S.-based virtual private network to control for location-based results (see database for a complete list). This initial keyword search enabled us to narrow our search terms down to 47 terms.

We developed a framework to collect information about the location of programs, the population served, the assistance provided, the issues addressed, and the housing market context of the programs (Appendix A). In the next phase, we added the programs found through the search terms to the database. We also searched for programs by looking through projects funded by nonprofits. We found approximately 300 programs, case studies, and other resources. The initial

search gave us a general idea of what programs are available in which parts of the country and a sense of where there are gaps in service.

After review, we culled the list of 300 to fewer than 100 programs that expressly engaged buyers. Of these programs, we sorted them by population served and further refined the number of programs until we had 53 best practices. Econometrica then analyzed the database and summarized the information in this report, providing descriptions/examples of the collected programs, and identified perceived homeownership gaps.

# 3. Best Practices and Topical Domains

The following sections present the population groups we identified and the best practices under each domain. Each section highlights best practices as well as perceived gaps.

## 3.1. Cultural Outreach

A buyer-oriented homeownership program by definition must reach out to targeted buyers. Housing counseling providers who are outsiders to the community cannot assess what home buyer and homeowner needs are. For non-English speakers, housing counseling offered only in English poses an additional barrier. Housing counseling programs that do not address concerns specific to communities where home buying is uncommon or are wary of the home-buying process cannot assist these buyers and owners. We searched for homeownership programs that used words such as "African-American" or "Latino," but found many of the programs through searches for housing counseling. The best outreach programs do not simply provide counseling in a language other than English; they integrate housing counseling with other services. The organizations listed as providing "cultural outreach" offer many types of housing services, as well as non-housing-related services, and collaborate with other providers.

**Table 1. Cultural Outreach Programs**

| Organization Name, Program Region, Market Type | Detailed Program Description |
|---|---|
| Hacienda Community Development Corporation (CDC): Camino a Casa<br><br>U.S. Department of Housing and Urban Development (HUD) Region: 10<br><br>Market Type: High Cost | Camino a Casa prepares prospective home buyers for homeownership. Clients work closely with counselors throughout the home-buying process. Home buyers can apply to various programs for down-payment assistance. Bilingual, HUD-certified housing counselors offer counseling that helps home buyers assess their mortgage readiness, provide financial analysis, set timelines, and connect them to resources and community partners. Camino a Casa provides support in reviewing loan documents and communicating with third parties. Camino a Casa also offers workshops on home buying and financial education (in Spanish). Services include Individual Development Accounts (IDAs), financed by the state of Oregon, and 0% interest down payment assistance loans. |

| Organization Name, Program Region, Market Type | Detailed Program Description |
|---|---|
| Northside Community Development Corporation (NCDC): Northside Housing Collaborative<br><br>HUD Region: 5<br><br>Market Type: High Cost | The Northside Housing Collaborative is a partnership between NCDC, The John Marshall Law School, and seven nonprofit community service organizations on the north side of Chicago. The program is designed to provide culturally and linguistically appropriate foreclosure, home buyer, and pro bono legal counseling services to diverse low-income neighborhoods. The program provides legal services in conjunction with housing and foreclosure counseling. The collaboration enables the organizations to increase their capacity by combining their resources to provide housing assistance to neighborhood residents. |
| Native Partnership for Housing, Inc. (NPH): Homebuyer Education, Homeownership Counseling, and Financial Capacity<br><br>HUD Regions: 6, 8, 9<br><br>Market Type: Low Cost | Provides home buyer education classes and assists in home mortgage finance. The classes cover how to be an informed home buyer; how to save money on payments and closing cost; how NPH programs will help throughout the home purchase process; how to select the best possible mortgage loan; how to understand purchase contracts to protect interest; and how to protect the value of a new home and build equity. NPH assists customers needing home mortgage finance with achieving and maintaining healthy home ownership by promoting responsible lending and providing healthy mortgage finance options to meet individual customers' needs, including first mortgage lending through partner organizations, down payment, and closing cost assistance. |
| Chhaya CDC: Homeownership<br><br>HUD Region: 2<br><br>Market Type: High Cost | A homeownership program that guides community members through the process of buying a home. Those who complete the program are eligible for budget counseling, credit improvement, and, for those who are income-eligible, down payment and closing cost assistance. |
| Thunder Valley CDC: Sustainable Home Ownership Project (SHOP)<br><br>HUD Region: 8<br><br>Market Type: Low Cost | SHOP is a collaboration of organizations on the Pine Ridge Indian Reservation. The mission of the collaborative is to empower families through a streamlined homeownership system that stimulates asset building, economic development, and community wealth. Each organization focuses on at least one aspect of the homeownership process, such as outreach, education, intake, preparation (including IDAs), homeownership financing applications, land issues, infrastructure, financing, identifying a home for purchase, and closing on a loan. SHOP focuses on homeownership education. |

Note: See database for full details.

## 3.2. Displacement

In the "displacement" domain, we searched for programs that either specifically mentioned "gentrification" or that were working to help residents of the area served retain or purchase their homes. The main issue for housing and home buying when it comes to gentrification is the displacement of current residents. Economically and socially, many families state that they want diversity—both racial and economic. Unfortunately, while the phenomenon of "gentrification" potentially holds this promise, more often it ends up changing neighborhoods in such a way that they become either unaffordable or unfriendly to long-time residents. Gentrification need not be a negative occurrence for low-income families if local governments and other organizations

work together to prevent displacement and stabilize housing for current residents. All six programs we identified included home-buying assistance of some type as a main focus. Two programs were in markets that were overall high cost (Boston, New York) but were targeted to blighted areas or an area with high foreclosure rates. A program in California focused on homeownership for low-income families. The Neighborhood Assistance Corporation of America (NACA) focuses on restructuring mortgages to prevent foreclosure. The focus on foreclosure prevention and recovery makes sense post the 2008 housing crisis. In the future, more of these displacement programs—which are primarily land trusts—may move back to a development model, similar to the Dudley Street Initiative.

**Table 2. Displacement Programs**

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Northern California Land Trust (NCLT): Resident Ownership Program<br><br>HUD Region: 9<br><br>Market Type: High Cost | This program significantly reduces the price of the home using government funding, grants, and private donations. In exchange for a reduced price for the home, families buying a NCLT home agree to certain resale restrictions. The resale restrictions allow for a fair return on the household's equity investment, yet keep the sales price affordable to future lower-income residents. NCLT enforces these restrictions by retaining ownership of the land beneath the housing it sells. NCLT home buyers buy their homes with a land lease rather than owning the land. All ownership restrictions and requirements are written into the land lease. |
| OPAL Community Land Trust: OPAL House<br><br>HUD Region: 10<br><br>Market Type: High Cost | OPAL offers home-buying opportunities for low-income families by combining public grants and private donations to reduce the price of an OPAL house well below market prices. Many OPAL homeowners pay the same or less to own their homes than they would pay for rent. OPAL provides housing, budgeting, and financial management counseling, and default counseling for all applicants and homeowners. |
| Center for NYC Neighborhoods, Mutual Housing Association of New York Management, Neighborhood Restore Housing Development Fund Corporation, City of New York, et al.: Community Restoration Fund<br><br>HUD Region: 2<br><br>Market Type: High Cost | The goal of the program is to preserve affordable homeownership and rental opportunities in neighborhoods that continue to have high rates of foreclosure and underwater loans. |
| Democracy Collaborative: Models and Best Practices—CDCs<br><br>HUD Region: National<br><br>Market Type: Unspecified | A list of several model CDCs, including include Argenta CDC (North Little Rock), Bethel New Life (Chicago), Chicanos por la Causa (Arizona), The Unity Council (Oakland), and several more. |

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Dudley Street Neighborhood Initiative: Dudley Neighbors, Incorporated (DNI)<br><br>HUD Region: 1 | DNI is a community-driven land trust that has developed 225 affordable homes, a 10,000-square foot community greenhouse, urban farm, playground, gardens, and other amenities of a thriving urban village. (See the database for a link to the "development without displacement" document.) |
| Boston Community Capital: Stabilizing Urban Neighborhoods (SUN)<br><br>HUD Regions :1, 2, 3, 5<br><br>Market Type: High Cost | The SUN Initiative acquires foreclosed properties before evictions occur and resells the homes to their existing occupants with mortgages they can afford. The goal of the program is to stabilize neighborhoods by providing current homeowners who are facing foreclosure with the ability to renegotiate their mortgage. The program buys the home at the current, reduced market value and resells the home to its existing occupants at a more affordable rate. |
| Neighborhood Assistance Corporation of America (NACA): Home Save Program<br><br>HUD Region: National | The primary NACA solution is to restructure the mortgage by permanently reducing the interest rate to as low as 2% and sometimes reducing the outstanding principal, saving hundreds of dollars and sometimes over a $1,000 a month. |

Note: See database for full details.

## 3.3. Housing for Elderly and Disabled

The elderly and disabled face challenges that may make it especially difficult to find suitable housing. The amenities they need are not available in all houses, and they may require expensive upgrades. To find relevant programs, we used search terms like "elderly homeownership assistance," "Accessory Dwelling Unit Program," "cooperative housing resources," and "disabled homeownership assistance." Regardless of whether the housing market has rising costs or falling housing prices, the elderly and disabled have needs that range from physical requirements for accessibility to access to social services and community support. Many of the services we found were loans or grants to fund structural improvements. Innovative practices included specialized counseling and support for families and individuals, particularly for people with disabilities. Integrating housing counseling with other services for the elderly and disabled makes those services more easily accessible to elderly and disabled homeowners and home buyers. Other innovative practices include well-designed home-sharing programs that specialize in pairing an able-bodied person with an elderly or disabled person in exchange for reduced housing costs. Home-sharing programs or reverse mortgages are less effective in housing markets where demand is weak. Strategies such as housing counseling are not dependent on the housing market and when integrated with other services, can enable homeowners and home buyers who might otherwise be unable to buy or remain in a home to access all the services they need to do so.

## Table 3. Elderly and Disabled Programs

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Arc of Spokane: Home Ownership Opportunities<br><br>HUD Region: 10<br><br>Market Type: Low Cost | The Home Ownership Opportunities program helps families with members who have an intellectual or developmental disability navigate the complex process of buying a home. The program offers regular home buyer classes, one-on-one housing counseling, and down payment assistance to qualified candidates. Housing counselors assist with establishing a household budget and developing debt management tools; finding available financial resources related to housing needs; working with the housing team to find the housing that best suits a family's needs at the right price; learning to budget for future home maintenance and avoiding mortgage scams; learning to avoid mortgage delinquency or defaults; and defining "Fair Housing." |
| PACE Homeownership Coalition<br><br>HUD Region: 5<br><br>Market Type: High Cost | The coalition is based on the Independent Living philosophy and promotes greater accessibility to homeownership for households with members who have disabilities. The coalition also includes many community organizations as partners and participants. The coalition's mission is to identify eligible candidates and assist households who have members with disabilities in purchasing their own homes, promoting inclusion in community with the highest level of independence desired by people with disabilities. The Homeownership Coalition offers information and referral; the Individual Accessibility Needs Assessment; advocacy and other assistance through the home-buying process; linkage to financial assistance for home purchase/modification (depending on availability of resources and consumer eligibility); education throughout and after the home-buying process; technical assistance related to home accessibility; and peer counseling from individuals who have completed the Homeownership Program Presentations related to the Americans with Disabilities Act, disability awareness, barriers to accessible housing and homeownership faced by people with disabilities, the components of successful home buying, etc. Presentations and trainings can be tailored to group or community needs and are available from a diverse group, including people with disabilities, realtors, housing specialists, and others. |
| Alaska CDC: Housing Accessibility Improvement Program (HAIP)<br><br>HUD Region: 10<br><br>Market Type: Low Cost | HAIP grants are for accessibility improvements in existing homes to mitigate functional limitations imposed by qualifying disabilities. The requested improvements must be necessary due to a related disability of a full-time resident. HAIP grants cannot be used for home repair or maintenance. Households must agree to sign a promissory note to pay back the entire grant if the intended beneficiary does not live in the home up to 3 years after the work is done. The maximum grant available for owner-occupied homes is $15,000. |
| Alaska CDC: Senior Housing Accessibility Modification Program<br><br>HUD Region: 10<br><br>Market Type: Low Cost | This program, also called Senior Access, provides grants for modifications to improve accessibility for seniors currently in need. Grants may be up to $15,000 for eligible senior households in owner-occupied homes. Alaska CDC provides Senior Access services in the Matanuska-Susitna Borough, Kenai Peninsula Borough, Copper River Basin, City of Kodiak, and Southeast Alaska (except Juneau). |

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Florida Hardest-Hit Fund: Florida Elderly Mortgage Assistance<br><br>HUD Region: 3<br><br>Market Type: High Cost | This program assists senior homeowners with a reverse mortgage to remain in their homes and prevent foreclosure. It provides eligible borrowers up to $50,000 to bring current their property taxes, homeowner's insurance, flood insurance, and/or homeowners association fee. The senior homeowner may also be eligible to have up to 12 months of future property charges paid on their behalf. This is a program for seniors with incomes less than 140% of the area median income (AMI) who must have suffered a hardship that has resulted in the inability to repay the amounts advanced on their behalf by their mortgage loan servicer. |
| National Shared Housing Resource Center (NSHRC): Home Sharing<br><br>HUD Region: National<br><br>Market Type: Unspecified | Home sharing allows a homeowner to accommodate a homesharer in exchange for an agreed level of support in the form of financial exchange, assistance with household tasks, or both. This allows homeowners who may be elderly, disabled, a family with small children, or otherwise in need of companionship or assistance to remain in their home. NSHRC is a clearinghouse of information for people looking to find a shared housing organization in their community or to help get a program started. |

Note: See database for full details.

## 3.4. Employee Housing

Employee housing is an important way to enable moderate-wage employees to live near their work. In high-cost areas, employee housing programs allow employees who would otherwise have excessively long commutes to remain in the area. In areas with weak housing markets, employers may need to incentivize employees to remain. We found these programs by using search terms such as "employee housing" and "nextdoor." The programs we found were generally for public servants or university staff; often they provided participating employees with a forgivable loan or grant to remain in the city or in a specific neighborhood. This was true both of programs in high-cost markets, where the subsidies were intended to allow employees to live near their jobs and low-cost markets, where subsidies were intended to incentivize workers to remain. While many programs simply offered a subsidy, the Duke-Durham Partnership developed a "homebuyers club" to support employees who are interested in homeownership but need additional support to get their finances in order and navigate the homeownership process. For most programs, there is relatively little buyer encouragement beyond financial assistance.

## Table 4. Employee Housing Programs

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| College Park City-University Partnership: Homeownership Program<br><br>HUD Region: 3<br><br>Market Type: High Cost | The City-University Partnership's Homeownership Program is part of an effort to increase the number of University of Maryland and City of College Park employees living in the City as outlined in the University District Vision 2020. It provides $15,000 in forgivable loans to full-time, benefits-eligible University and City employees to buy homes in College Park. The loan is a zero-interest, deferred payment loan with a term of 10 years that is forgivable at the end of the 10-year term, so long as the provisions of the program are met. The loan may only be used for down payment and closing costs at settlement for the purchase of a primary residence. This loan must be secured on a property with a deed of trust and promissory note. |
| Johns Hopkins University: Live Near Your Work<br><br>HUD Region: 3<br><br>Market Type: Low Cost | Live Near Your Work is a benefit offered to the faculty and staff of Johns Hopkins University and Health System to assist with down payments and closing costs for homes in select neighborhoods surrounding the East Baltimore and Homewood campuses. The grant ranges from $5,000 to $17,000 in value, depending upon the neighborhood, although the program has offered grants as large as $36,000. The program provides workshops and walking tours for employees so they know exactly how to take full advantage of available incentives and familiarize themselves with the neighborhoods. |
| Neighborhood Housing Services of the Lehigh Valley: Live Near Your Work<br><br>HUD Region: 3<br><br>Market Type: Low Cost | Participating employers can offer forgivable loans of up to $10,000 to eligible employees who buy a house within a designated downtown neighborhood in Allentown, PA. The loan will help cover the employee's down payment, closing costs, and renovations and will be completely forgiven after 5 years. |
| Boston Planning and Development Agency: ArtistSpace Boston<br><br>HUD Region: 1<br><br>Market Type: High Cost | ArtistSpace Boston is a collaboration with other city agencies including the Mayor's Office of Arts and Culture, the Boston Planning & Development Agency, and the Department of Neighborhood Development. ArtistSpace Boston develops projects that are dedicated to artists, preferably located in zones that do not support traditional family housing, and offer live/work spaces or work-only spaces for rent and for purchase at a variety of prices. To ensure that the spaces are provided to artists, there is an artist certification process. |
| Teacher Next Door<br><br>HUD Region: National<br><br>Market Type: Unspecified | Connects teachers, as well as police officers, firefighters, medical professionals, government workers, and other civil servants with housing assistance. Teacher Next Door matches individuals with available federal, state, and local funding, and also offers grants. The program uses two national preferred lenders, provides participants with licensed realtors, and handles all of the purchase, finance, and closing paperwork. |

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Duke-Durham Neighborhood Partnership: Southside Housing Incentive Program<br><br>HUD Region: 4<br><br>Market Type: High Cost | Duke University partnered with the City of Durham in a neighborhood revitalization effort. The university offers a $10,000 forgivable loan, on top of loans and incentives made available through the city to incentivize neighborhood revitalization. The employee must have worked continuously at Duke for at least 5 years and meet certain income requirements. The school developed an 8-week home buyers training, designed to help applicants repair their credit and create strategies for saving and building personal wealth. To continue offering credit and housing counseling, the school developed the Duke Homebuyers Club to support participants. |

Note: See database for full details.

## 3.5. Grants

Low-income home buyers frequently lack the funds to buy a house. Providing funding to potential homeowners is a simple way to lower the costs. We sought out funding opportunities for home ownership by researching terms related to "affordable housing" or "low-income." Our search found many programs that reduced the price of housing, but these programs often took considerations like credit scores and loan repayment into account. Grant programs enable families to obtain funding without the obligation of repayment, which allows families whose incomes may fluctuate or who have poor credit to buy a home. Recipients of grant funding may still require assistance obtaining a mortgage and maintaining a house, which is why the three grant programs we included offer housing counseling. An example of an innovative program designed to attract buyers is the Live Baltimore, which pairs a free bus tour of neighborhoods undergoing revitalization with a lottery for a grant toward down payment and closing cost assistance. This program encourages buyers to consider neighborhoods facing abandonment. Grants can make homeownership affordable to low-income families and promote neighborhood revitalization. Simply offering grants is insufficient; thus, the programs highlighted include additional outreach to help buyers remain in their homes.

### Table 5. Grants Programs

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Colorado Housing Finance Agency: Down Payment Assistance Grant<br><br>HUD Region: 8<br><br>Market Type: High Cost | A down payment assistance grant, available to moderate-income families in Colorado as a percentage of the mortgage. The grant covers up to 4% of the home buyer's first mortgage and is offered in tandem with home buyer education and additional loan options. The loans are available to buyers with credit scores of 620 or higher. |

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Live Baltimore: Buying Into Baltimore & City Living Starts Here<br><br>HUD Region: 3<br><br>Market Type: Low Cost | This program runs home-buying incentive events where participants register to meet with real estate experts and community organizations, take a tour of Baltimore neighborhoods, and preview homes for sale. As an incentive, participants are entered into a lottery for $5,000 in down payment and closing cost assistance toward the purchase of a home anywhere in Baltimore. The neighborhood tours take place every other month, and 100 incentives are available each year. |
| Vacants to Value: Vacants to Value Booster Program<br><br>HUD Region: 3<br><br>Market Type: Low Cost | This is an incentive program that streamlines disposition or redevelopment of abandoned properties in Baltimore. It provides applicants with a $10,000 grant toward closing costs for the purchase of a formerly vacant home. The property must have been subject to a vacant building notice for at least a year prior to the building's sale. |

Note: See database for full details.

## 3.6. Housing Counseling

Housing counseling programs provide critical information to buyers on how to maintain or build credit, buy a home, or avoid foreclosure. Housing counseling provides potential homeowners with expertise to navigate the complexities of the housing market. Counseling usually comes in the form of a several-hour class, intensive one-on-one sessions, or group sessions. We searched for housing counseling using a wide variety of terms, including "homeownership assistance," "homeownership programs," "support affordable homeownership," and "foreclosure mitigation," among others. Many of the programs we found, both free and for a fee, followed a model very similar to the NeighborWorks America housing counseling model. The type of counseling available did not seem to differ between areas with increasing housing prices and falling housing prices. Different parts of the country offered counseling in different languages. Some programs offer additional courses focused on condos or cooperative housing, although counseling on alternatives to traditional homeownership were scarce. Some programs offer in-house real estate brokerage services because low-income home buyers may be unable to find a real estate brokerage service in the private market. We observed that a growing number of housing counseling services are available online. For example, the Virtual Counselor Network (VCN), a network of service providers in Southern California, serves both as a one-stop shop to connect those in need of social services and housing assistance to the appropriate provider and as a way for providers to connect with each other. Our search suggests that housing counseling and other services should be well-integrated and that additional counseling may be necessary for non-traditional homeownership arrangements.

**Table 6. Housing Counseling Programs**

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Housing Opportunities Collaborative: Virtual Counselor Network (VCN)<br><br>HUD Region: 9<br><br>Market Type: High Cost | VCN streamlines and connects the services provided by members of the Housing Opportunities Collaborative, which is a collaboration between service providers in Southern California focused on housing assistance, although it also provides assistance with consumer finance, small business, and employment services. VCN serves as a portal to connect clients in need of assistance with Housing Opportunities Collaborative partners. Clients can connect to the VCN in one of three ways: online, through any partner organization's office, or via a toll-free number. The clients are then connected to counselors and coaches using a secure internet connection. This service provides individualized assistance and group trainings, along with online |
| Allston Brighton Community Development Corporation: The Homebuying Mentors<br><br>HUD Region: 1<br><br>Market Type: High Cost | This independent, not-for-profit organization in Massachusetts provides housing counseling. Homebuying educators and coaches support first-time home buyers throughout the greater Boston region to prepare for homeownership and successfully navigate the home-buying process. The goal is to help buyers feel confident in the home-buying process, their chosen real estate professionals, and their mortgage selection. |
| Community Development Corporation of Brownsville (CDCB): RGV Casitas<br><br>HUD Region: 6<br><br>Market Type: Low Cost | CDCB established RGV Casitas, a mission-driven real estate brokerage service, to meet the growing demands of families in the pursuit of homeownership. RGV Casitas serves Brownsville, TX, residents by offering Spanish-language assistance, assisting buyers, and working in conjunction with other CDCB services. |
| Northside Community Development Corporation: Condo Training<br><br>HUD Region: 5<br><br>Market Type: High Cost | This course helps walk condo buyers through the specifics of Illinois condo rules. Topics discussed include legal requirements of associations, turnover of books by the developer, duties of the board of directors, assessments, annual budget, and rights and responsibilities of owners. This is a homeownership course focused specifically on condo buyers. |

Note: See database for full details.

## 3.7. Loans and Mortgages

The terms for most mortgages and loans make them inaccessible to buyers with low credit scores, with low incomes, or seeking to purchase in blighted areas. It is also difficult to find loans for extensive repairs in less-desirable areas. We found programs that offered low- or no-interest loans for first-time home buyers and loan programs that encourage people to live in certain areas. Both the Ohio and Alaska programs tie the loan to a residency requirement. One of the Connecticut programs is designed for repairs and upgrades in a flood zone.

## Table 7. Loan and Mortgage Programs

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| NACA: Best in America Mortgage<br><br>HUD Region: National<br><br>Market Type: Unspecified | A mortgage product targeted at buyers with incomes less than 80% AMI. This mortgage requires no down payment, has no closing costs, no fees, no credit score consideration, and offers below-market 30-year or 15-year fixed rates, with the option to permanently reduce the interest rate up front. Participants are NACA members; as a NACA member, buyers do not pay private mortgage insurance. Instead, they have access to NACA's post-purchase program through the Membership Assistance Program, free of charge. |
| Ohio Housing Finance Agency (OHFA): Grants for Grads<br><br>HUD Region: 5<br><br>Market Type: Low Cost | OHFA's Grants for Grads provides recent college graduates 2.5% or 5% down payment assistance, along with a discounted mortgage interest rate. Down payment assistance is forgiven after 5 years; if the buyer leaves Ohio within 5 years, some or all of the assistance must be repaid. Eligible buyers are moderate income, have a credit score equal to or greater than 640, and have earned a post-secondary degree within 48 months. |
| Housing Development Fund: Shore Up CT & Shoreline Resiliency Fund<br><br>HUD Region: 1<br><br>Market Type: High Cost | Loans of up to $300,000 are available for homes and businesses subject to coastal flooding and located in one of two flood zones: Zone VE and Coastal Zone AE. The Shore Up CT program is a low-interest loan program designed to provide financing or refinancing for property owners. Borrowers can retrofit their property for flood protection and wind proofing. The program is designed for homeowners and small- to medium-size business owners. The loan has a 15-year repayment period, and the borrower must maintain flood insurance for the life of the loan. |
| City of Boulder: House to Home Ownership (H2O) Down Payment Assistance Loan<br><br>HUD Region: 8<br><br>Market Type: High Cost | The H2O program provides buyers in Boulder with a second loan so that buyers can make a larger down payment, thereby lowering monthly mortgage costs. To receive the loan, the buyer must have a demonstrated gap between assets needed to close the transaction and assets available. A household that qualifies for the H2O loan usually has less than $25,000 in assets. The maximum loan amount is the lesser of 15% of the purchase price or $50,000. There are no payments for 15 years unless the home is sold or title is transferred. The loan will be due in its entirety plus a percentage of appreciation earned since purchase. |
| Re: New Haven:<br><br>HUD Region: 1<br><br>Market Type: Low Cost | The Re: New Haven has multiple components: down payment assistance for first-time home buyers, energy efficiency loans, and tuition reimbursement. The Re:novate loan is a forgivable loan of up to $30,000 for energy-saving home upgrades. Many common home renovation projects qualify. Residents who remain in their home for 10 years do not need to repay the loan. |

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Alaska CDC: Home Opportunity Program (HOP)<br><br>HUD Region: 10<br><br>Market Type: Low Cost | HOP home buyer assistance provides zero-interest rate loans to low-income home buyers with up to $10,000 forgivable over a 5-year period. HOP funds are provided to assist home buyers to purchase and occupy their own home. Individuals and families who have an annual income that is below established income guidelines and do not own another home can participate in this program. The HOP-assisted home must be the only home the buyers own and it must be their primary residence. Applicants who qualify can receive down payment assistance (if required by primary lender); up to $3,000 in closing cost assistance; and if necessary to achieve affordability, a buy-down of the first mortgage. HOP funds may only be provided to an eligible low-income household. Low-income is defined as less than 80% of the median income as determined and regionally adjusted by HUD. The HOP loan assistance limit is $20,000 (except households below 60% of median income may qualify for a $30,000 limit), not to exceed $3,000 in closing costs, and the payment ratio on the first mortgage should not be less than 25% of the buyer's gross income used to qualify for the first mortgage. |

Note: See database for full details.

## 3.8. Low Income

Many homeownership assistance programs are designed to serve low- and moderate-income families. Homeownership can stabilize housing costs for low-income families in housing markets with rising rents, enabling low-income families to both remain in neighborhoods with rising housing costs and reap some of the benefits in the form of equity. In neighborhoods facing abandonment, encouraging low-income residents to buy homes increases their investment and can spur revitalization efforts. The downside is that the process of buying a home is expensive and complicated. Low-income buyers are especially at risk of being targeted by predatory lenders and may be unable to find a real estate agent willing to work with them. Those with especially low incomes may be unable to qualify for a mortgage and even if able to purchase the home, lack the month-to-month financial stability to pay for regular maintenance. To find programs that serve low-income families, we searched for terms such as "low-income homeownership" and "affordable housing" and filtered for programs that offered a holistic approach to homeownership assistance. These programs offered some combination of financial assistance, ongoing counseling, and assistance finding affordable properties. Exemplary programs provide the guidance and assistance that might be readily available to wealthier home buyers, but that low-income families may not be able to afford.

**Table 8. Low-Income Programs**

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| The Urban League of Greater Madison: Single Family Home Ownership Program<br><br>HUD Region: 5<br><br>Market Type: Low Cost | The Single Family Home Ownership Program helps larger, low-income families work toward economic self-sufficiency through home ownership. The Urban League's innovative program model creates a unique opportunity for low-income families to acquire substantial home equity. Nearly 50 families are currently working to acquire more than $7 million in real estate. This program provides single-family housing with affordable rents and an option to purchase at the end of the program. Houses are purchased in various Madison neighborhoods, improved, and leased to qualifying families at less than market value. Participating families receive training and counseling. At the end of the program, families may purchase the house at an affordable price with no down payment. All appreciation in value and mortgage reduction benefits is passed directly to the participating family. |
| DC Department of Housing and Community Development: DCHousingSearch.org<br><br>HUD Region: 3<br><br>Market Type: High Cost | A free affordable housing listing and search engine, which includes everything from accessible homes to affordable rental and for-sale homes. Users can also find helpful resources such as renter's rights information, assistance programs, and an affordability calculator. |

Note: See database for full details.

## 3.9. Multigenerational

An increasing number of families include children raised in households where the parents may not be the head of household or may not even be present at all. The number of these multigenerational families appears to be increasing, along with a growing awareness that families headed by seniors have needs that the private market and programs intended to help older adults do not meet. Programs intended to serve the elderly typically presume they are not the primary guardians of young children. Homes designed for families are frequently unequipped to accommodate the elderly and allow for "aging in place." To find programs that serve this population, we used terms like "intergenerational," "grandfamilies," and "multigenerational." Most programs were not based around homeownership, presuming that multigenerational families either already owned a home or could be better accommodated with rental housing. One of the programs we identified is a model for intergenerational living that can be applied to both rental and owner-occupied housing. The other program is a resource guide for developers that want to use a multigenerational housing model. These programs can provide services, accommodations, and a community tailored to the needs of seniors who are raising children.

**Table 9. Multigenerational Programs**

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Bridge Meadows<br><br>HUD Region: 10<br><br>Market Type: High Cost | Bridge Meadows is a housing complex that includes nine four-bedroom houses for families who adopt at least three foster children. The houses are integrated with 27 1- and 2-bedroom apartment units for people age 55 or older who meet the income requirements for housing financed with low-income housing tax credits. Seniors at Bridge Meadows act as surrogate grandparents and mentors to the children and families who live there. Bridge Meadows is in an urban setting and advances a kinship model of foster care, with relatives raising other relatives to the greatest extent feasible. Bridge Meadows partners with local social service agencies to offer a full array of health and well-being services for all generations. Bridge Meadows requires seniors living in the community to volunteer at least 7 hours per week doing such things as teaching arts and crafts, giving music lessons, leading story hours, and taking the kids to the park. Both the adoption requirement and the volunteer condition are written into lease addendums to the two classes of housing. Because all applicants for each class of tenancy are subject to the same restrictions, the requirements do not violate the nondiscriminatory fair housing statutes. The mixture of ages has proved beneficial to all three generations living in such communities. Senior residents report benefits from living in a community with a common purpose, sharing their talents and life experiences with a new generation, and building new relationships through the bonds formed by living in an intergenerational community. Foster and adoptive children enjoy the stability of having surrogate grandparents. Parents benefit from raising children in an environment that supports them economically and socially. |
| Generations of Hope: Communities Model<br><br>HUD Region: National<br><br>Market Type: Unspecified | Generations of Hope offers consulting and technical services to help organizations conceptualize, plan, and expedite the creation of new intergenerational communities based on the “intentional neighboring” model. They provide technical assistance and consulting to initiatives that wish to adapt their model of intentional neighboring and purposeful intergenerational community living. They help with coordination to support collaborative interaction among site leaders and partners. They also provide thought leadership to guide and support the expansion of the concept of intentional neighboring in addressing the challenges facing vulnerable people. They work primarily through one-on-one consultations and workshops; ongoing research and publications including white papers, journal articles, blogs, guidelines; and the building of strategic partnerships. |

Note: See database for full details.

## 3.10. Other Financial Assistance

Sometimes a grant or loan is not the most effective way to enable a buyer to purchase a house. Tax credits, moderately priced dwelling unit programs, and certain land trust models manipulate supply while also engaging the buyer. Providing alternative forms of homeownership financing allow properties that would otherwise be unavailable to reach the market. We found these programs by using search terms such as “land trust” and “affordable” with modifiers like “non-traditional.” In low-cost housing markets, one strategy is to encourage buyers to drive revitalization. The Mesa Home Ownership Project in Tempe, AZ, is a buyer-driven revitalization program in which a qualified applicant finds the house they want. If the property meets program

requirements, the city will complete renovation and repairs and then sell the house to the home buyer. This allows buyers to purchase homes with renovations that would otherwise be unaffordable and for the city to encourage homeownership in blighted areas. It guarantees that the homeowner will move into a neighborhood targeted for revitalization. In high-cost markets, programs that deed-restrict houses ensure that homes remain affordable even after they are sold. Deed-restricted housing, lease purchase, and land trusts, and other efforts to increase the supply of affordable homes may have difficulty attracting buyers in blighted neighborhoods. These interventions can take into account the concerns of buyers by enabling buyers to find the property themselves.

### Table 10. Other Financial Assistance Programs

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| City of Boulder: Homeworks Program<br><br>HUD Region: 8<br><br>Market Type: High Cost | The Homeworks program serves those with low to middle incomes who would like to live in Boulder. Its goal is to preserve the supply of affordable homes in Boulder. Homes are sold at below market-rate prices to income-eligible buyers who intend to occupy the home. Homes are permanently affordable and governed by an Affordability Covenant that limits the resale price and places other restrictions on the home. The program maintains strict occupancy and rental restrictions to prohibit the homes from becoming income properties. |
| Montgomery County Housing Opportunities Commission (HOC): Mortgage Purchase Program<br><br>HUD Region: 3<br><br>Market Type: High Cost | An HOC resident either lives in a property that is owned or managed by HOC or receives rental assistance from HOC. HOC helps prepare residents to move from rental to homeownership. Residents must have an annual income of $35,000 or higher to be eligible to participate in this initiative. This income level does not guarantee a mortgage or a home to purchase. Residents may choose to purchase a moderately priced dwelling unit from HOC through its random selection process or locate a home independently. HOC conducts a workshop in the spring and fall of each year for interested residents. Residents must attend only one workshop. Each workshop is a 5-hour session conducted in a classroom setting and reviews the home-buying process, mortgage financing options, budgeting, the credit report, and loan approval. HOC sends notices to eligible residents when these workshops are scheduled. Space is limited and residents must register to attend a workshop. |
| Pima County Community Land Trust (PCCLT)<br><br>HUD Region: 9<br><br>Market Type: Low Cost | PCCLT was founded in 2010 as a nonprofit, community-based organization to develop and preserve a permanent supply of affordable housing. PCCLT developed 89 foreclosed or vacant homes in the City of Tucson. The homes were rehabbed to meet minimum health and safety requirements and to resolve any issues that could be major expenses to potential homeowners. The properties are sold to low- to moderate-income households (50%–80% AMI). PCCLT retains title to the land under the affordable home and enters into a 99-year ground lease that gives the homeowner day-to-day use of the land while maintaining its use and disposition as a community asset. Local nonprofit Housing Counseling Agencies coordinate housing counseling services for prospective home buyers. |

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| Newton CDC: Mesa Home Ownership Project<br><br>HUD Region: 9<br><br>Market Type: Low Cost | This is a buyer-driven program in which a qualified applicant finds the house they want to buy. If the property meets program requirements, Newtown will buy it. The city will complete renovation and repairs and then sell it to the home buyer. Eligible buyers may receive up to $30,000 in down payment assistance from the City of Mesa and up to $15,000 through Newtown's IDA program. The program is limited to low- and moderate-income households. |
| The Housing Partnership (HPI): PATH to Homeownership<br><br>HUD Region: 4<br><br>Market Type: Low Cost | HPI develops and sells affordable housing. The PATH program offers lease-to-own properties at an affordable price to enable families to buy a home without a down payment. |
| Portland Housing Bureau: Homebuyer Opportunity Limited Tax Exemption<br><br>HUD Region: 10<br><br>Market Type: High Cost | Under the Homebuyer Opportunity Limited Tax Exemption Program, single-unit homes receive a 10-year property tax exemption on structural improvements as long as the property and owner remain eligible per program requirements. Eligible homes are newly constructed, located within the City of Portland, must have at least two bedrooms, and cost less than $350,000. Owners are subject to an income limit. Property owners are still responsible for payment of the taxes on the assessed value of the land during the exemption period. |
| Allston Brighton Community Development Corporation (ABCDC): All Bright Homeownership Program<br><br>HUD Region: 1<br><br>Market Type: High Cost | In order to preserve homeownership in the Allston and Brighton neighborhoods of Boston, ABCDC established a program to purchase homes in the neighborhood shortly after they go on the market. The homes are then resold to those who want to reside in the neighborhood, but who may need time to find a traditional mortgage. The program requires buyers to occupy the property as long as they own it and to resell the property to an owner occupant. |

Note: See database for full details.

## 3.11. Self-Help

Self-help housing programs reduce the cost of buying a home by enabling homeowners to invest "sweat equity." Sweat equity is an investment of time and energy in the building process, though it can refer to other activities on the part of the potential homeowner. Self-help programs train and assist the families and volunteers to build houses, which substantially reduces the cost of housing while also teaching participants construction skills. We searched for programs with words like "self-help" or "sweat equity" and restricted our search to the United States. Many of the programs we found were nearly identical, although we identified some innovative variations. Some programs count children's grades toward sweat equity, and other programs combine sweat equity with credit counseling. Traditional self-help programs appeared to be more common in rural areas and in places with housing shortages. However, we found a Milwaukee program that offers funding for families to buy abandoned homes and then supports them through the process of renovations. Self-help programs have limitations; families with limited time may not be able

to participate, and disabled or elderly buyers may have difficulty contributing sweat equity. Even so, these programs increase the affordable housing supply while also giving families valuable insight into construction, which helps manage maintenance and home repair costs in the future.

**Table 11. Self-Help Programs**

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| ACTS Housing<br><br>HUD Region: 5<br><br>Market Type: Low Cost | ACTS supports families who are attempting to purchase a home with cash or a loan. The program provides one-on-one, HUD-approved home buyer counseling for individuals interested in purchasing a home for owner-occupancy. As a real estate brokerage, ACTS represents families in the purchase of homes for owner occupancy, primarily in central city neighborhoods. ACTS then helps families plan and execute home rehabilitation, with a focus on reclaiming vandalized foreclosures. Our affiliated nonprofit partner, ACTS Lending, Inc., provides mortgage loans for rehabilitation projects. ACTS provides all these services through four offices in three focus neighborhoods. |
| Habitat for Humanity of Greater San Francisco: Homebuyer Readiness and Financial Literacy<br><br>HUD Region: 9<br><br>Market Type: High Cost | Homes at Habitat for Humanity Greater San Francisco are sold at no profit with 0% interest and no down payment. Approved homeowners qualify for a monthly housing payment (mortgage, property tax, insurance, homeowners association fee if applicable) equal to 30% of their monthly income. Applicants must meet income guidelines, have reasonable credit histories, a manageable level of debt, and be willing and able to perform up to 500 hours of “sweat equity” to build their own homes. The entire process including the selection process, building of the home, and sweat equity can take about a year. The program also offers a public, three-part financial capability workshop series that includes Managing your Credit, Managing your Debt, and Money & Savings. Workshops are held 11 times a year in a variety of convenient, publically accessible spaces. Helpful tools for workshop attendees include a credit report and one-on-one financial coaching. Workshops are not a requirement to apply for homeownership. Workshop series includes all three classes for the month listed and is $25 per person attending. |
| Habitat for Humanity Knoxville: Sweat Equity—Family Participation<br><br>HUD Region: 4<br><br>Market Type: Low Cost | An individual or family who is willing to contribute 500 hours of sweat equity as a down payment demonstrates to Knoxville Habitat for Humanity that they are a committed partner in improving their housing situation. The majority of the sweat equity hours are earned through Family Partnership classes that teach skills in budgeting, home repairs, and being a good neighbor, all geared toward helping families be the best homeowners they can be. Children earn sweat equity hours by working hard at school and getting good grades. Each “A” is worth 4 hours and each “B” is worth 3 hours. Additionally, hours are matched when a parent requires childcare to attend a class. For example, if a parent arranges for a babysitter in order to spend an hour in a budget class, then the parent earns 2 hours of sweat equity. Once 250 hours have been completed, the families can select a lot where their house will be built. After they complete 500 hours of sweat equity, they can move into their house upon its completion. |

Note: See database for full details.

## 3.12. Veterans

Programs to assist veterans appear to be funded primarily through the federal government. Nevertheless, there are state and local-level initiatives to provide homeownership opportunities

to veterans. The Ohio Hero loan is a forgivable loan program offered to Ohio residents who serve the public, including veterans and caregivers as well as other public servants. The program is designed to provide low- and moderate- income public servants and caregivers, including active military and veterans, the opportunity to buy a home in Ohio. The loan is intended to make homeownership more affordable for veterans who have not owned a home in 3 years, but it has credit score restrictions that may make it unattainable for some veterans. Self-help programs such as CalVet Residential Enriched Neighborhoods (CalVet REN) are designed to assist low-income veterans who may not have good credit scores. This state-sponsored program has two components. The first is a home loan with flexible credit requirements that offers low interest rates along with no or a low down payment requirement. The second is completing 500 hours of sweat equity through both building a home and completing no-cost self-sufficiency training. The veteran is then able to move into a middle-class neighborhood while also receiving counseling for financial literacy and support specified to the needs of veterans. These two state-level programs supplement and enhance the federally funded assistance available to veterans, making it possible for them to buy homes in high-cost areas.

### Table 12. Veterans Programs

| Organization Name, Program Region, Market Type | Detailed Description |
|---|---|
| California Department of Veterans Affairs: CalVet Residential Enriched Neighborhood (REN)<br><br>HUD Region: 9<br><br>Market Type: High Cost | CalVet, together with affordable home builders, is bringing affordable home ownership to low-income veterans. The CalVet REN program uses the Enriched Neighborhood® model. This model provides permanent housing in a neighborhood context (12 homes or more) that focuses on moving low-income families up into the middle class through specifically designed services for veterans and their families. A veteran who wants to buy a home in a CalVet REN community must accomplish 2 things: (1) qualify for a CalVet Home Loan (approval is not based solely on FICO scores), and (2) complete 500 hours of sweat equity by both building his/her home and completing no-cost self-sufficiency training and courses. |
| Ohio Housing Finance Agency (OHFA): Ohio Heroes<br><br>HUD Region: 5<br><br>Market Type: High Cost | Ohio Hero loans are for Ohio residents who serve the public. In order to qualify, the buyers must not have been homeowners for the past 3 years and their credit scores must be at least 640. There are also income and purchase price limits. The loans are targeted to members of the military (active duty, reserves, or veterans); police or correctional officers; firefighters, emergency medical technicians or paramedics; licensed or certified direct patient caregivers; K-12 teachers or administrators; or college professors teaching 12+ hours per semester or quarter. Buyers can choose to include down payment assistance in the Ohio Heroes loan. Down payment assistance is forgiven after 7 years. If the home is sold or refinanced within 7 years, all of the assistance provided must be repaid. Qualified buyers are required to complete free home buyer education. OHFA's streamlined education program allows buyers to complete a course offered by any HUD-approved counseling agency in Ohio. OHFA home buyer education is not completed until after the home buyer has submitted their loan application with their loan officer. OHFA works with lenders, credit unions, and mortgage companies across the state. |

Note: See database for full details.

# 4. Conclusion

Econometrica conducted an extensive internet search to find demand-oriented homeownership programs. We sought programs that engaged buyers in innovative ways, by either reaching out to underserved populations, streamlining and integrating components of the home-buying process, or developing new approaches to traditional homeownership assistance. In this report, we highlighted the most noteworthy programs and categorized them by the types of populations they target. The number of programs we found depended both on the search terms we used and the number of homeownership programs serving specific subpopulations or providing a particular type of service.

We observed that the strength of the housing market affects the type of homeownership assistance provided and the population it serves. In high-cost housing markets where gentrification is a concern, programs focus on preservation of affordable housing. Common strategies include creating land trusts, deed-restricted housing to preserve the housing supply, and conducting outreach to non-English speaking minority groups. There is less of a focus on building new homes, rehabbing homes, or promoting neighborhoods than there is in weaker or lower-cost housing markets. In low-cost housing markets, where abandonment is a concern, upgrading existing properties, revitalizing neighborhoods, and neighborhood promotion were more prevalent strategies. In weak housing markets, we saw more self-help programs focused on repairs, and subsidies and outreach to buyers who might have the money to purchase a house, but are concerned about the quality of the neighborhood. Some demand-oriented programs served both high-cost and low-cost markets; these programs generally targeted populations that are underserved regardless of the housing market, such as intergenerational families, elderly or disabled families, or teachers and other moderately paid civil servants.

Finding programs with strong marketing components was a challenge. It is possible that different search terms might yield more results, but based on our research, there are simply very few demand-oriented programs that are seeking novel ways to reach potential home buyers. Many of the programs that we found had credit restrictions, making it difficult for buyers already locked out of the private market to gain access to homeownership financing. In addition, because many subsidy programs have a limited supply, there is no incentive to market them aggressively.

Although finding innovative programs was a challenge, several trends stood out to us as innovative for the way they engaged the public.

- **Incentivizing Buyers With Cash.** The Live Baltimore Initiative incentivizes buyers to consider buying houses in neighborhoods with low homeownership rates and high vacancy rates by pairing a cash incentive with a bus tour of available properties. This encourages buyers to consider neighborhoods that they otherwise might not be willing to consider. It is a strategy suited to low-cost housing markets where buyers are not interested in investing.
- **Provide a Streamlined Experience for Buyers.** Several programs, including the Northside Housing Coalition, the Virtual Counselor Network, and the Single Family Home Ownership Program integrated the services of multiple providers under a single umbrella. This allowed buyers to access more support throughout the process of buying and maintaining a home. These programs make it easier for families to access assistance.

- **Buyer-Driven Development.** These programs allow buyers to select their own home for redevelopment, within certain parameters. This is a revitalization strategy used by programs like Mesa Housing and ACTS Housing to encourage buyers to invest in abandoned or underserved communities. Rather than redeveloping a house in hopes that a buyer will come along, this strategy enables organizations to rehabilitate properties for resident owner, helping to stabilize neighborhoods and prevent blight.

The potential for buyer-driven programs exists, but nonprofits must be allowed and encouraged to spend their scarce dollars on outreach if such spending is the goal. With funds so scarce in this area, the marketing to low-income populations will continue to be conservative. When resources are limited, aggressive marketing may not serve the interests of providers.

# Appendix A: Framework

| Field Name | Entry Type | Choices | Definitions |
|---|---|---|---|
| **ID** | Automatic Numbering | n/a | Unique identifier for each entry. |
| **Organization Name** | Text Box | n/a | Organization that provides the program or service. |
| **Projects/Programs** | Text Box | n/a | If the organization runs multiple programs, this field is used to list the relevant ones (one organization may have multiple entries). |
| **Innovative Program** | Check Box | True/False | Internal field based on knowledge of traditional homeownership programs (not included in final database). |
| **Housing Market Type** | Drop-Down, Single Choice | High Cost/Low Cost | This refers to the strength of the housing market.<br>"High Cost" housing markets have rising housing prices.<br>"Low Cost" markets have falling prices and high levels of abandonment. |
| **Best Practices** | Check Box | True/False | Designates an entry as fitting our criteria for a best practice. |
| **Best Practice Type** | Drop-Down, Single Choice | [See database for complete list] | Designates which population served/ assistance type provided is a "best practice." |
| **Search Term** | Drop-Down, Single Choice | [See database for complete list] | The search terms used to find a program. |
| **Scope** | Drop-Down, Single Choice | National<br>Multiple States<br>State<br>County<br>Municipal<br>Sub-State Division | Geographic coverage of the program. |
| **HUD Region** | Single Choice | 1–10 | HUD region where the program is located. |
| **States** | Drop-Down, Multiple Choice | [Drop-down list of states] | State(s) where organization/program is in operation. |
| **Housing Type** | Drop-Down, Multiple Choice | Affordable Housing | Subsidized or below-market rate housing, expressly serving low- or moderate- income families and individuals. |
| | | Cooperative Housing | The buyer does not directly own real estate, but purchases into a cooperative (or corporation) that owns the property. |
| | | Market-Rate Housing | |

| Field Name | Entry Type | Choices | Definitions |
|---|---|---|---|
| | | Mixed-Income Housing | Housing available to a range of income levels. |
| | | Land Trust | Land set aside for a specific type of housing or purpose. |
| | | Workforce | Housing near the workplace that is affordable to employees. |
| | | Other | [Name Type] |
| | | Unspecified | |
| **Primarily Serves Current Neighborhood Residents** | Check Box | True/False | True=program primarily serves current residents (not included in final database). |
| **Population Served: By Homeownership Status** | Drop-Down, Multiple Choice | First-Time Homebuyers<br>Non-Homeowners<br>Current Homeowners<br>Homeless<br>Unspecified<br>All | Homeownership status of intended program beneficiaries. |
| **Population Served: By Ethnicity/Race** | Drop-Down, Multiple Choice | African-American/Black | |
| | | Hispanic | |
| | | AIAN/Hawaiian Native | |
| | | All | Program explicitly states that it serves many ethnic groups. |
| | | Unspecified | No race/ethnicity specified. |
| | | Other | [Specify] |
| **Population Served: By Selected Characteristics** | Drop-Down, Multiple Choice | Young Professionals | Programs related to college debt/student expenses. |
| | | Elderly | |
| | | Disabled | |
| | | Veterans | |
| | | Families With Young Children | At minimum, refers to families with children under 18. |
| | | Multigenerational Family | Non-traditional/non-nuclear families/extended families. |
| | | All | Explicitly serves all or most of the above groups. |
| | | Other | |
| **Other Characteristics:** | | | |
| **Population Served: By Income** | Drop-Down, Single Choice | Moderate Income | |

| Field Name | Entry Type | Choices | Definitions |
|---|---|---|---|
| | | Low Income | |
| | | Low and Moderate Income | |
| | | Unspecified | |
| **Assistance Type** | Drop-Down, Multiple Choice | Credit Repair | Counseling or assistance to improve a credit score. |
| | | Grant | Any type of funding without expectation of repayment. |
| | | Homebuyer Gap Financing Assistance | A short-term loan to enable home buyers to meet their financial obligations for closing costs and down payments. |
| | | Housing Counseling | Counseling to buy or maintain a home. |
| | | Lease Purchase | A rent-to-own agreement with the option to purchase a home within an agreed-upon period. |
| | | Construction | Build/develop new housing for a target population or in a specific area. Any services related to the construction or repair of a building. |
| | | Market Research | Any kind of research that programs could use to reach the target population. |
| | | Sweat-Equity Housing | Potential home buyer/dweller assists in process of construction or renovation. |
| | | Online Tool | Online tool to help buyers or sellers. |
| | | Mortgage Product | A loan secured by the borrower's property. |
| | | Tax Credit | A credit to offset tax liability. |
| | | Foreclosure Counseling or Prevention | Counseling, guidance, or advice to avoid or navigate the process of, foreclosure. |
| | | Loan Product (Non-Mortgage) | Any loan that is not a mortgage. |
| | | Guidance for Developers/Sellers | Online or written source of information for sellers. |
| | | Guidance for Buyers | Online or written source of information for buyers. |
| | | Matching Savings | Matched savings to a specific amount. |
| | | Other (See Notes) | |

| Field Name | Entry Type | Choices | Definitions |
|---|---|---|---|
| **Problems Addressed** | Drop-Down, Multiple Choice | Gentrification | |
| | | Housing Shortage Near Jobs | |
| | | Neighborhood Abandonment | Reduce high rates of foreclosure, number of abandoned buildings, or address other issues related to declining neighborhood population. |
| | | High Housing Costs for Target Population | Housing may be unaffordable to a segment of the market, such as low-income families or families with special needs (such as accommodations for an elderly member, non-nuclear family structure, or large family size). |
| | | Repair, Renovate, and/or Upgrade Existing Houses | Programs intended to improve owner-inhabited houses. |
| | | Education | Buyers/homeowners who are not aware of the resources available to them or the processes necessary to buy and maintain a home. |
| | | Underwater Homeowners | Homeowners imminently facing foreclosure or in foreclosure. |
| | | Low Homeownership Rates | Neighborhood/area has transient community or few homeowners. |
| | | Other (See Notes) | |
| **Detailed Description** | Text Box | | Detailed description of programs designated as “best practices.” |
| **Notes** | Text Box | | Additional information about program. |
| **Link** | URL | | Website URL. |