

WASHINGTON STATE HOUSING FINANCE COMMISSION – HOMEOWNERSHIP DIVISION

Making Homeownership More
Affordable



2015

Impact Down Every Road

Small Budget. Big Impact.

The Commission's operating expenses are dwarfed by our investments in Washington state communities.

\$16.7 million

operating expense

\$1.5 billion

investments in
Homeownership,
Multifamily Housing and
Community Projects



Homeownership Impact

Our Home Advantage program continues to soar. More and more residents from across Washington state are turning to this program for downpayment assistance, home loans and free homebuyer education classes.



Mortgage Loans

\$772 million

3,996

households served
3,875 Home Advantage loans
121 House Key loans

+57% from 2014



Down-payment and closing-costs loans*

\$27.5 million

3,443

homebuyers served
(buyers using our home loans)

+37% from 2014



Mortgage Credit Certificates*

\$432 million

2,060

credit certificates

+23% from 2014



Free Homebuyer Education Seminars

8,992

potential homebuyers attended a seminar, including **3,745 online**

3,996

in-person seminars held statewide

536 instructors trained

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HFA Preferred

- ▶ Fannie Mae's HFA (Housing Finance Agency)
 - ▶ Reduced Mortgage Insurance Coverage
 - ▶ On a \$200,000 loan \$70/mo. less
 - ▶ Reduced Cost due to lower credit scores
 - ▶ No "Loan Level Pricing Adjustments"
 - ▶ Allows for Down Payment Assistance Loan
 - ▶ WSHFC Offers 0% interest Down Payment Assistance
- 

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House Key “Bond Loan”

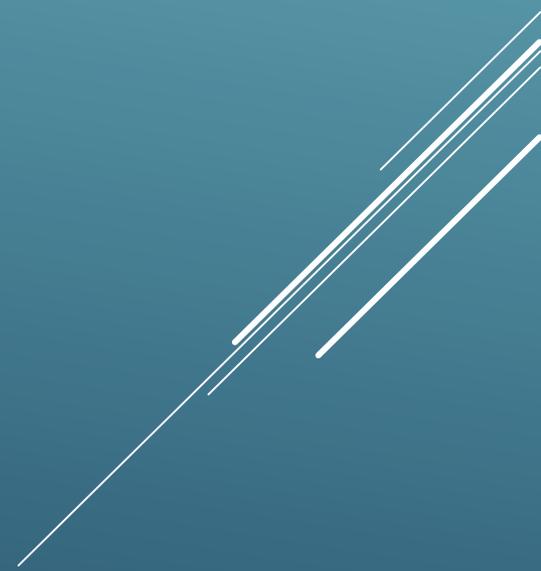
- ▶ Below Market Interest rates
 - ▶ Utilizing Tax Exempt Bonds

Open Market vs. House Key
Financing



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- ▶ Rewarding Energy Efficiency
- ▶ Consumers get a ¼ percent lower rate for a more energy efficient home
- ▶ Increases awareness of the hidden costs of owning a home



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Homebuyer
Education

We require
education for all
who use our
loans, even the
Lenders.

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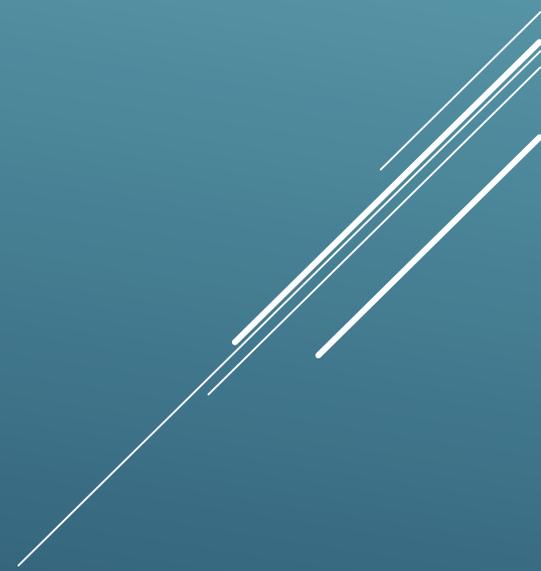
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Homebuyer
Education

The Influence of Homebuyer Education on Default and Foreclosure Risk: A Natural Experiment

Scott R. Brown

Peabody College



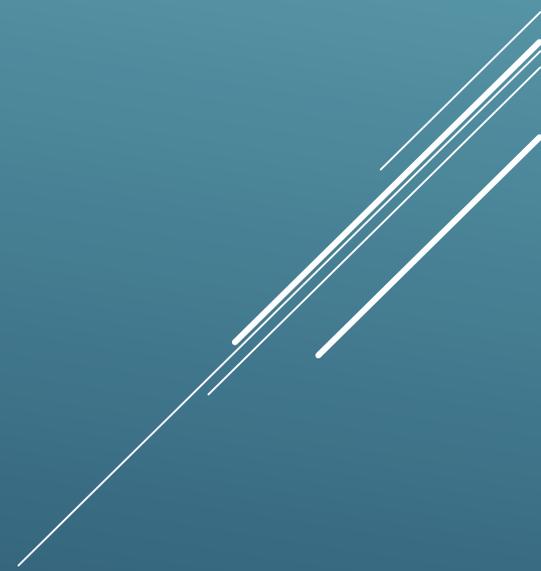
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Homebuyer
Education

Risk Analysis from 2002-
2009

732 mortgages

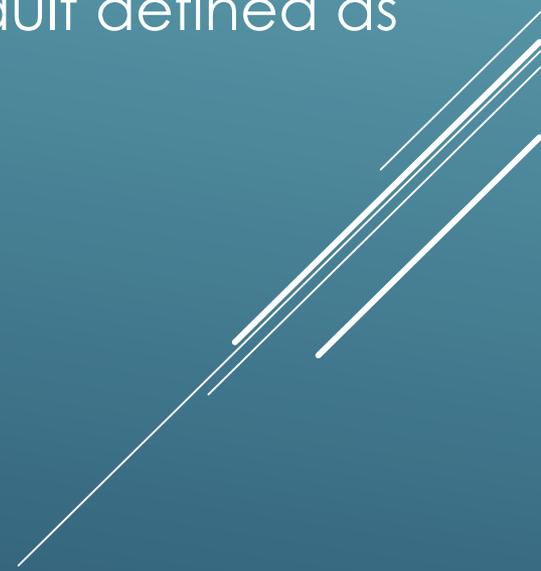
State of Tennessee



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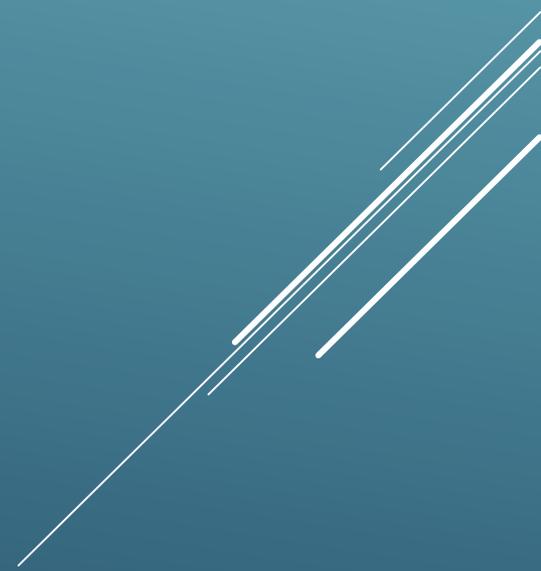
Did Homebuyer
Education
reduce default
rate? *Default defined as
90+ days late



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Education

“Half of low-income first-time homebuyers face significant unplanned home repairs or major increases in utility costs, property taxes, or homeowner's insurance within the first two years of ownership.”



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Homebuyer
Education

Did Homebuyer
Education
reduce
foreclosure
rate?

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Independent Study

Foreclosure Odds Drop 42% with THDA Homebuyer Ed

NASHVILLE, Tenn. (August 24, 2016) - A first-of-its-kind study uses THDA home loan data to identify the impact of homebuyer education classes on default and foreclosure rates.

The new study shows the odds of foreclosure were 42 percent lower among participants in THDA's down payment assistance program who completed a homebuyer education (HBE) class compared to participants who did not.

THDA began offering down payment assistance as part of its home loan program in January 2002 but did not start enforcing a requirement to attend an HBE class until July of that year. As a result, study author Scott Brown, a Ph.D. student in the Community Research and Action program at Vanderbilt University's Peabody College, recognized a unique opportunity to compare two sets of otherwise identical



homebuyers: down payment assistance recipients from the first half of the year who did not take an HBE class and those from the second half of the year who were required to take HBE.

"This is one of the first studies on the effectiveness of homebuyer education to provide evidence similar to an experiment with a control group," said Brown.

"Because all of the homeowners in this study qualified for and received a home loan with down payment assistance from THDA in the same calendar year, their demographic, geographic, and financial characteristics are nearly identical. This is very helpful from a scientific perspective because it largely controls for factors other than homebuyer education when comparing one group to the other," he explained.

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- ▶ *“Only 16.7 percent of borrowers with HBE had their first default end in foreclosure compared to 37.8 percent of borrowers without HBE”*

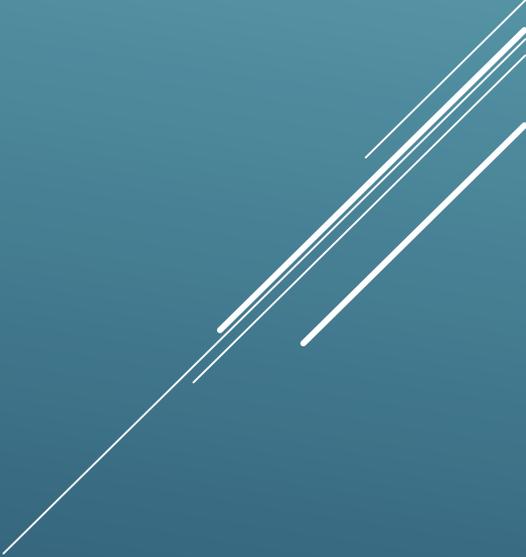


DOWN PAYMENT ASSISTANCE

- ▶ Seattle
- ▶ Tacoma
- ▶ Pierce County
- ▶ King County Eastside (ARCH)
- ▶ Bellingham

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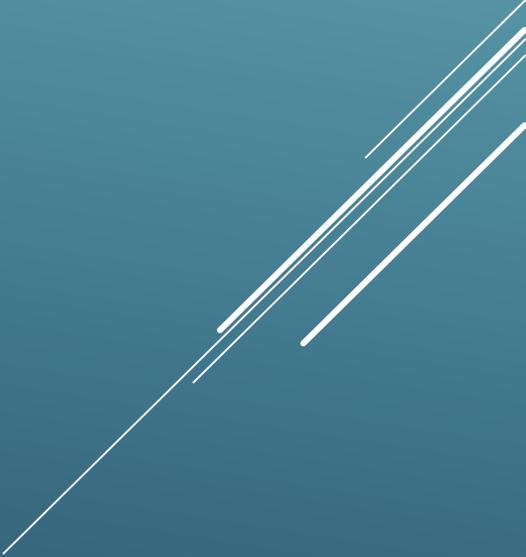
Down Payment Assistance
Partnerships



- ▶ \$20K-\$45K in Down Payment Assistance
- ▶ Income and Purchase Price Limited
- ▶ Deferred interest from 0%-4% (simple)

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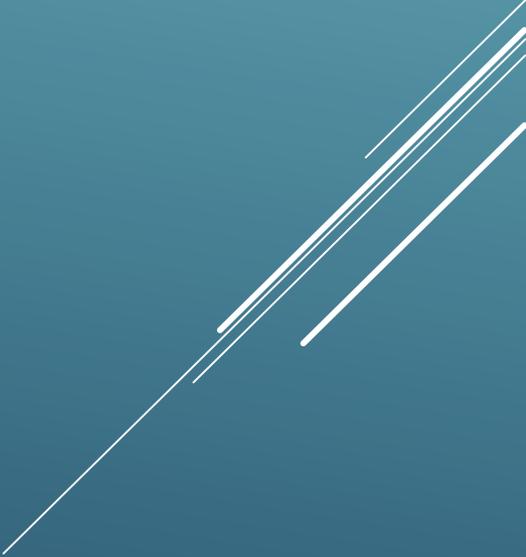
Down Payment Assistance
Partnerships



- ▶ Home
- ▶ CDBG
- ▶ Levies
- ▶ Attorney General Settlement funds
- ▶ WSHFC Funds

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Down Payment Assistance
Partnerships





WSHFC

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Thank you!

