



OFFICE OF
HOUSING COUNSELING
LET'S MAKE HOME HAPPEN

Telling the Housing Counseling Story

"Built to Last Built for Change"

August 9, 2017



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The First-Time Homebuyer Education and Counseling Demonstration: Take-Up Rates and Focus Group Findings

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August 9, 2017

Agenda

- I. Overview of Demonstration Design and Study Participant Characteristics
- II. Take-up Rates
- III. Focus Group Findings
- IV. Summary and Next Steps

What are goals of the Demonstration?

Objective:

To explore the impact of offering homebuyer housing education and counseling on a sample of over 5,800 low-, moderate-, and middle-income prospective first-time homebuyers in 28 cities across the country.

Research Questions:

To what extent does homebuyer education and counseling affect outcomes related to:

- homeownership preparedness and search
- financial literacy, capability, and management
- homeownership sustainability

What is the Demonstration design?

Target Population

- Low-, moderate- and middle-income (less than 120% of AMI)
- Prospective first-time homebuyer
- Lender referred customers who had applied for pre-qualification/pre-approval/loan
- Anyone participating in a downpayment assistance or other program that required homebuyer education or counseling was excluded

Study Sample

- 5,854 LMMI, FTHB participants in 28 U.S. metropolitan areas

Study Design

- Randomized-Controlled Trial (RCT)
- 2 treatment groups (two types of interventions), 1 control group
- Baseline, 12-month, and 36/42-month follow-up surveys (if funded)
- Biannual credit report and loan-origination and servicing data, service tracking data from housing counseling agencies

Who are the Demonstration Partners?

- 3 large, national lenders identified prospective first-time homebuyers in 28 large, metropolitan areas
- 63 local HUD-approved housing counseling agencies across the 28 sites provided in-person homebuyer education and counseling services, most were NeighborWorks affiliates
- eHome America provided online homebuyer education services to remote participants
- ClearPoint provided telephone homebuyer counseling services to remote participants
- Abt Associates as our implementation and evaluation contractor

How did the Demonstration change over time?

Stage in the Homebuying Process

- More late-stage homebuyers than expected, so pre-purchase counseling became homebuyer counseling.

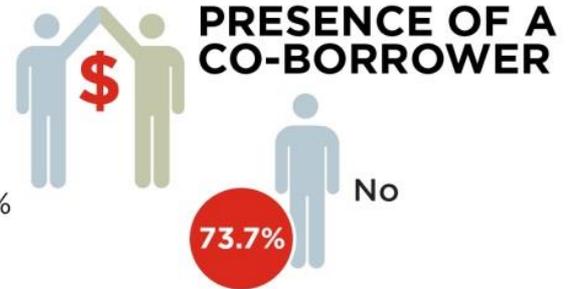


Take-Up Rates and “Choice” Treatment Group Implementation

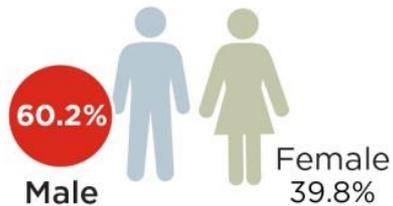
- In-person treatment group had lower than expected take-up rates (25.9% initiation versus 63.3% for remote (online + telephone) services)
- Implemented “choice” treatment group in September 2014

Who is in the study?

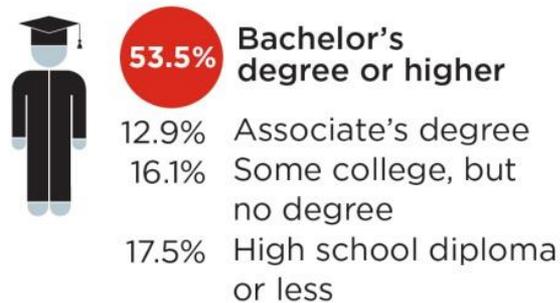
RACE/ETHNICITY



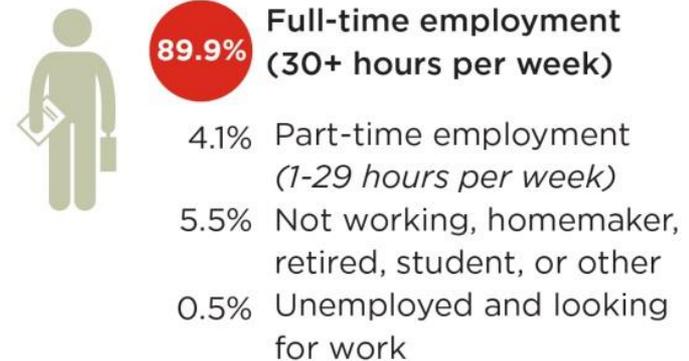
GENDER



EDUCATION



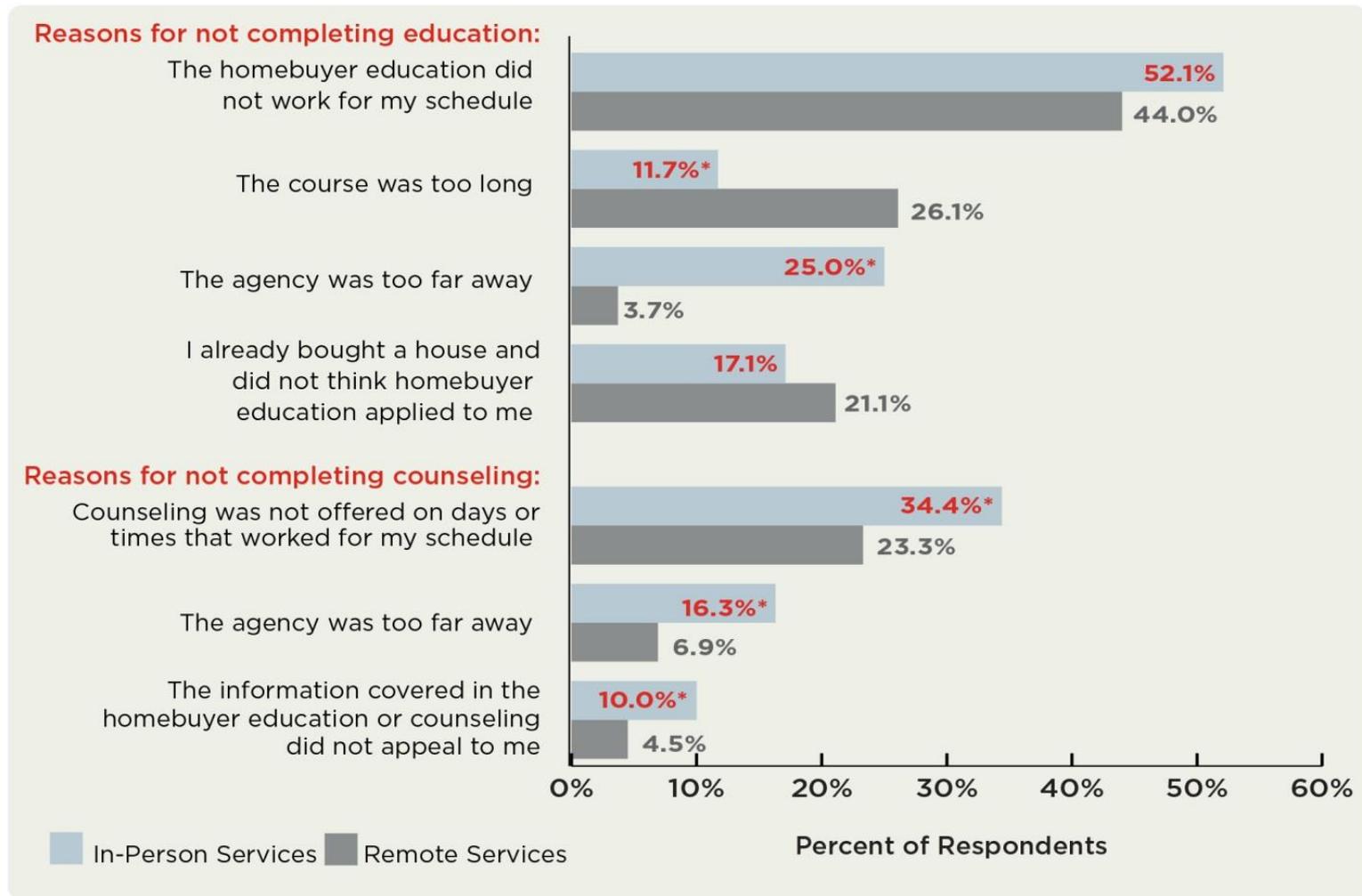
EMPLOYMENT



What are the take-up rates by mode as of January 2017 for the full study sample?

	In-Person Group	Choice Group (Prefer In-Person)	Choice Group (Prefer Remote)	Remote Group	Full Sample
<i>Take-Up Rates as of January 2017</i>					
Initiated any services (%)	25.9	31.8	64.3	63.3	55.0
Completed any services (%)	25.5	28.1	47.8	47.4	42.4
Completed all services (%)	14.1	15.4	31.0	27.1	25.1
Sample Sizes	517	292	856	1,674	3,339

What are the survey respondents' reasons for not completing services for the "early enrollee" sample?



What were some of the general focus group findings?

- Most focus group members did not know homebuyer education and counseling services were available to them.
- Participants agreed that homebuyer education and counseling should be provided during the initial stages of the process – before contacting a lender.
- Participants had mixed feelings on who should provide education and services.
- Finding time was the most common barrier for taking up services.
- Over 50% of the focus group attendees cited the stress associated with buying a home, and said that education and counseling helped reduce that stress.
- Focus group attendees reported that the information they learned taught them how to use budgeting tools, revise their spending habits, take action to decrease their debt, and raise their credit scores.
- Very few focus group attendees mentioned saving money as a primary benefit without being asked directly about it.

What did we learn from the focus groups by delivery mode?

- **In-person Education:** “knowing what to be ready for” and “understanding the process” were common learnings cited; benefits of industry professionals, ability to ask questions, and learn from others.
- **On-line Education:** convenient, “easy to navigate,” good “mix” of text, audio, visuals; overview of homebuying process and budgeting modules; and having information “all in one place.”
- **In-Person Counseling:** 7 of 30 attendees stressed that discussing their budget and credit were the most valuable aspects of the homebuyer counseling session, trust and familiarity with face-to-face services.
- **Telephone Counseling:** Flexibility, convenience, personalization, credit-building strategies, and detailed budget guidance were the benefits. Some attendees suggested multiple sessions or a housing counseling hotline to ask questions during the homebuying process.

What are the key takeaways of the Demonstration?

- Successful study implementation of a randomized, controlled experiment.
- Large, diverse national sample (n=5,854)
- Testing two service delivery modes:
 - In-person (education and counseling)
 - Remote (online education and telephone counseling)
- Reasonable service take-up rates:
 - Over half initiated services
 - Take-up rates were higher for remote services than for in-person services, and higher for the choice remote and in-person groups.
- Consensus from focus groups indicate a strong value from the services but that barriers to participate exist.
- Well-positioned to produce causal estimates of the impacts of homebuyer education and counseling.

What are the next steps?

Key Study Activities

- 12 Month Follow-up Survey: May 2015 – May 2017
- 36-/42-month survey (if funded): October 2017 – January 2020

Study Reports

- Early Insights Report (12-month findings on early study participants): June 2016
- Baseline Report: January 2017
- Interim Report (12-month impacts on full sample): *Expected Early 2018*
- Final Report (36/42-month impacts): *Expected Mid-2020*

Questions?

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OFFICE OF
HOUSING COUNSELING
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Office of Housing Counseling

Awareness + Visibility Project

August 9, 2017

The CMR Team



- Celebrating 20+ years of successful campaigns
- Cross-cultural + Urban markets
- Recipient of national awards and recognitions
- Success in behavior change campaigns
- Experience in underserved markets

AWARENESS + VISIBILITY OVERVIEW

Project Objectives

1

Increase stakeholder awareness of housing counseling services and its value in making housing decisions

2

Positively change the perceptions of housing counseling services

3

Motivate behaviors that lead to accessing housing counseling

4

Create partnerships among stakeholders so they can readily access available resources and disseminate information

Overview of Process

STEP 1

Research

Discovery among stakeholders to understand awareness, perceptions, and behaviors related to HUD housing counseling

STEP 2

Message + Collateral Development

Develop assets based on findings gleaned from research

STEP 3

Message + Collateral Dissemination

Recommendations for disseminating the messaging and collaterals to various stakeholder groups and partners

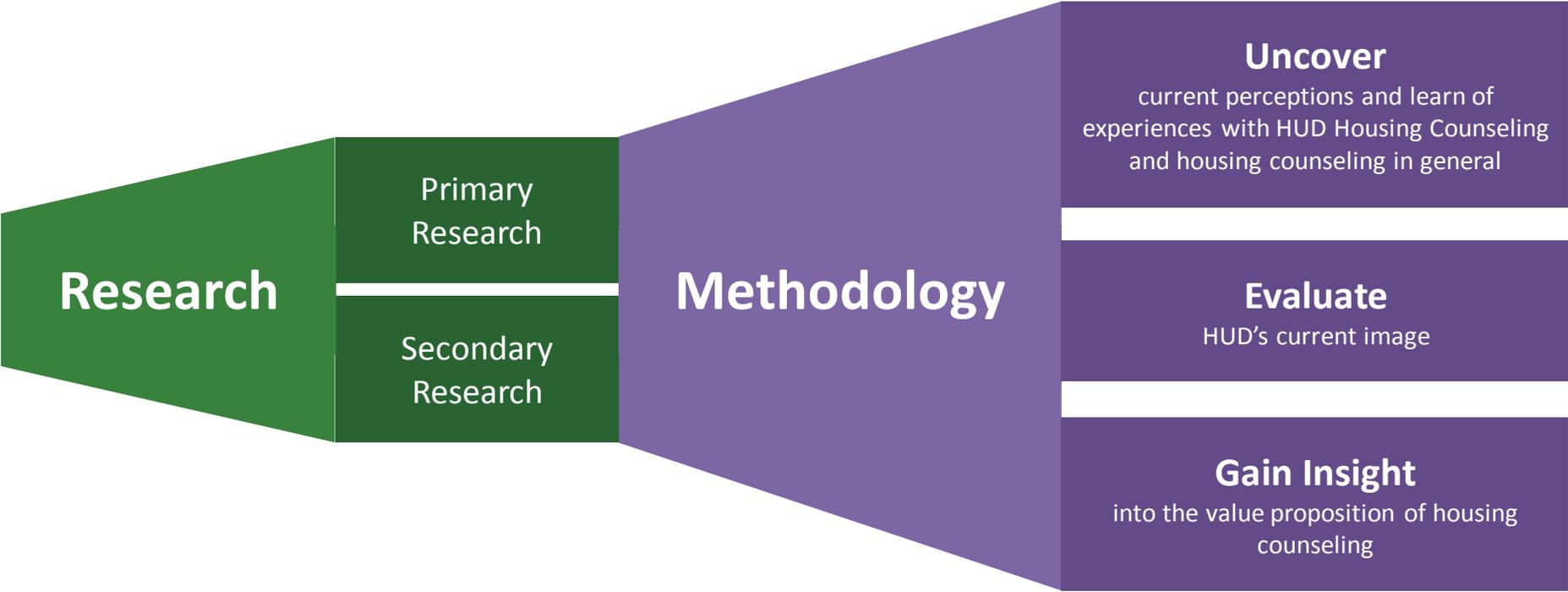
STEP 4

Evaluation + Monitoring

Monitor and evaluate disseminated messages and collaterals; refine as needed

RESEARCH

The Big Picture



Key Findings



- Knowledge is power
- Trust is imperative
- Outreach drives AWARENESS
- “HUD” as Good Housekeeping Seal of Approval
- Appealing to Millennials is key

Say What?!

Housing counseling is the Best Kept Secret!

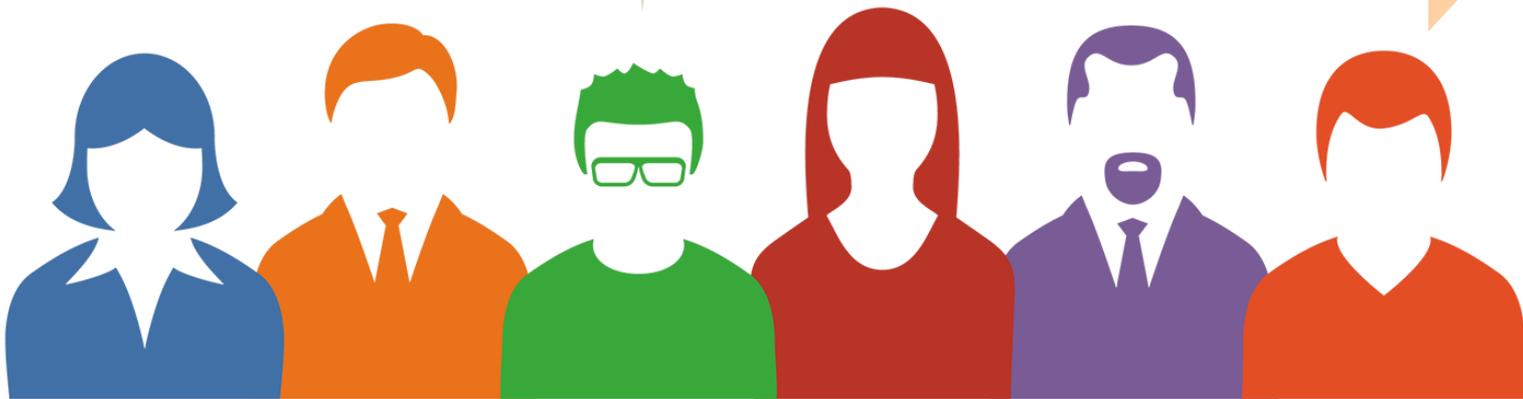
Wish I had known about this.

I did not know these programs existed for all homeowners.

Housing counseling is for low-income individuals.

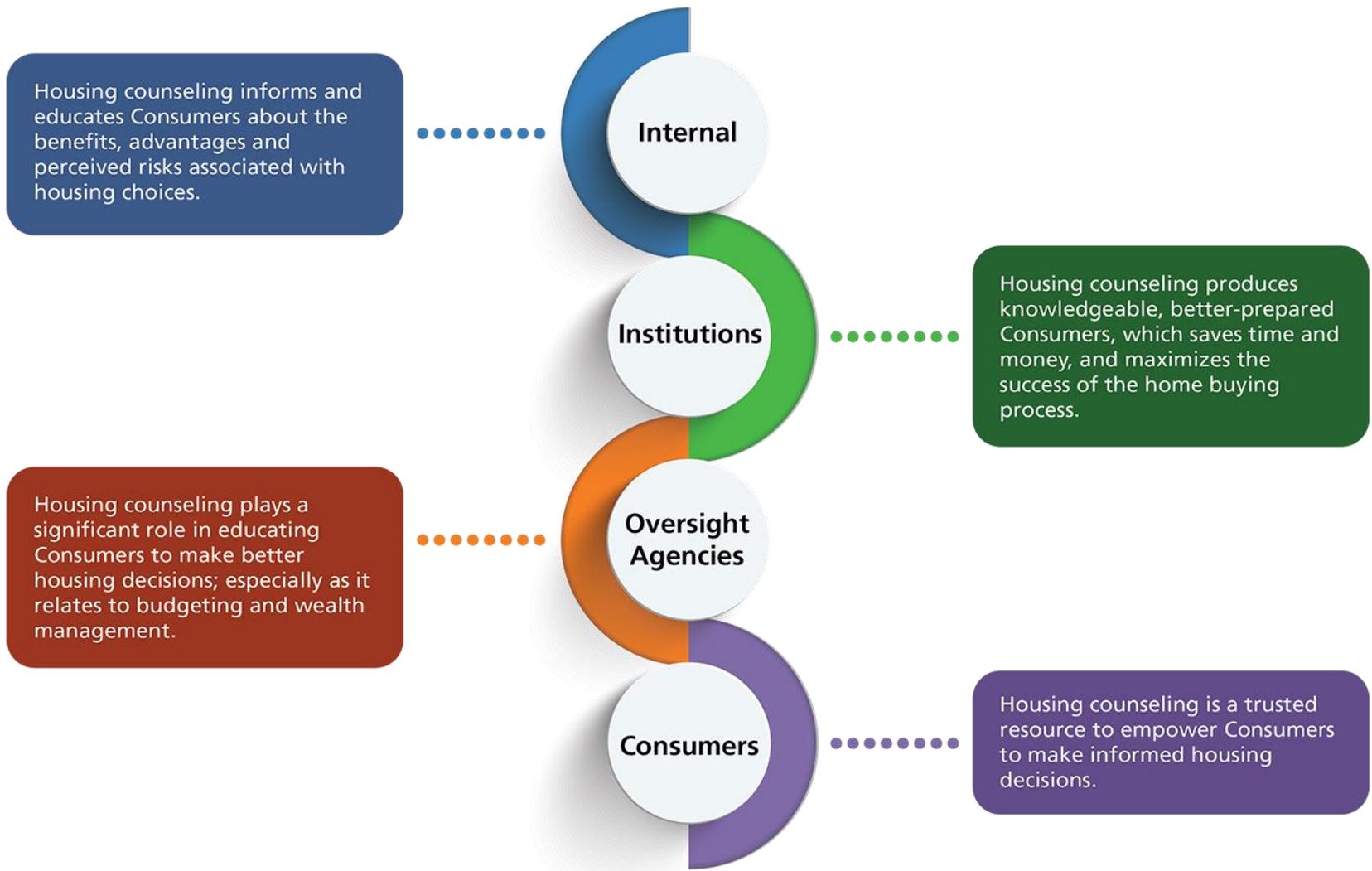
Get in front of the consumers when they first start thinking about buying a home.

HUD is Section 8, right?



ANSWERING THE 'SO WHAT'?

Value Propositions



WHERE DO WE GO FROM HERE?



OFFICE OF HOUSING COUNSELING LET'S MAKE HOME HAPPEN

Message Development

REAL ESTATE AGENTS

Newsletter



LENDERS

HCA to Lender Toolkit



CONSUMERS

Poster



Brochure



Message Development



BEAT THE ODDS WITH HOUSING COUNSELING

Homeowner's net worth 36X greater than renter's.
- Federal Reserve (2013)

AM I READY TO BUY A HOUSE?

Housing Counseling may be the answer.

One-third of first-time homebuyers underestimate their total household debt.

HOUSING COUNSELING PROVIDES EXPERT ADVICE TO HELP YOU:

- Create Manageable Budgets
- Set Realistic Financial Goals
- Improve Your Credit Score
- Avoid Delinquency on Debt

DOES HOUSING COUNSELING WORK?
Borrowers who use HUD-Approved Housing Counseling:

30% lower odds of foreclosures

283% more likely to receive loan modifications

IN 2015, HUD HOUSING COUNSELING HELPED:

- Prevent **92,000+** Foreclosures
- Improve **178,000+** Finances
- Create **403,000+** Budgets
- Counsel **over 1.3 million** Households

WHERE DO I START?
Call **1-800-569-4287** or visit **HUD.gov** to find an agency in your community

Over 2,000 HUD Approved Agencies



SUPERA LOS OBSTÁCULOS CON ASESORAMIENTO DE VIVIENDA

Patrimonio neto de un dueño de vivienda es 36 veces mayor que el de un inquilino.
- Reserva Federal (2013)

¿FUNCIONA EL ASESORAMIENTO DE VIVIENDA?
Prestatarios que usan Asesoramiento de Vivienda aprobado por HUD:

30% menor probabilidad de embargo hipotecario

283% mayor probabilidad de recibir modificaciones en sus préstamos

¿ESTOY LISTO PARA COMPRAR UNA VIVIENDA?

El Asesoramiento de Vivienda puede ser la respuesta

Un tercio de compradores de vivienda por primera vez subestiman su deuda doméstica total.

EN 2015, EL ASESORAMIENTO DE VIVIENDA DE HUD AYUDÓ A:

- Prevenir Más de 92,000 Embargos Hipotecarios
- Mejorar Más de 178,000 Finanzas
- Crear Más de 403,000 Presupuestos
- Aconsejar a Más de 1.3 millones de Hogares

EL ASESORAMIENTO DE VIVIENDA PROPORCIONA CONSEJO ESPECIALIZADO PARA AYUDARTE A:

- Crear Presupuestos Manejables
- Establecer Metas Financieras Realistas
- Mejorar Tu Puntaje De Crédito
- Evitar Atrasos En El Pago De Deudas

¿CÓMO PUEDO EMPEZAR?
Llama al **1-800-569-4287** o visita **HUD.gov** para encontrar una agencia en tu comunidad

Más de 2,000 Agencias Aprobadas por HUD

Message Dissemination



- Storytelling Videos
- Social Media
- HCA Trainings
- Partnerships

Questions?



Contact CMR:

askus@cmredge.com

Cmredge.com