

2013 NCSHA Award Nomination



## Homeownership: Empowering New Buyers

MYMONEYPATH: MORE THAN A PLACE TO LIVE

*Douglas Garver, Executive Director*  
*Cindy Flaherty, Director of Homeownership*  
*Dr. Stephanie Moulton, The Ohio State University*



**2013 Annual Awards Entry Form**  
(Complete one for each entry.)

Entry Name MyMoneyPath: More Than A Place to Live

Fill out the entry name <i>exactly</i> as you want it listed in the awards program.
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HFA Ohio Housing Finance Agency

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

HFA \_\_\_\_\_

Entry Name \_\_\_\_\_

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input checked="" type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

## 2013 NCSHA Award Nomination

### **HFA: Ohio Housing Finance Agency**

#### **Category: Homeownership – Empowering New Buyers**

#### **Entry Name: MyMoneyPath: More Than a Place to Live**

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### **Responding to an Important State Need**

MyMoneyPath was established by the Ohio Housing Finance Agency (OHFA) in partnership with The Ohio State University to respond to the recent mortgage crisis and its profound impact on the homeownership landscape in Ohio and the United States. Since 1995, the number of foreclosure filings in 78 of Ohio's 88 counties quadrupled, with a statewide increase of more than 500 percent. The impact was even more severe for low- to moderate-income households, who lack the resources or financial savvy to recover from economic hardship. According to the Kirwan Institute, "African American and Latino homeowners are expected to lose \$164-\$213 billion in assets due to the housing crisis". While homeownership is often promoted as part of the American dream and a tool to increase the wealth of low- to moderate-income households, the recent mortgage crisis demonstrated that homeownership is not always an asset and can, in fact, create tremendous financial hardship, particularly for those with low-incomes and few assets.

OHFA's First-Time Homebuyer program is one of the largest in the nation in terms of the number of homebuyers served. Since 1983, OHFA has provided mortgages to more than 142,000 families through Mortgage Revenue Bonds. In 2008, understanding the importance of borrower preparedness for home purchase, OHFA initiated a mandatory homebuyer education component into its First-Time Homebuyer program for borrowers receiving down payment assistance (70 percent of all assisted homebuyers). OHFA's Streamlined Homebuyer Education provides first-time homebuyers with an effective mix of online tools, phone-based counseling, and attractive paper-based workbooks to learn about the home buying process and sharpen financial management skills.

### **MyMoneyPath: An Innovative Financial Health "Check Up" & Post-Purchase Monitoring**

In May 2011, OHFA enhanced the current model of pre-closing education by introducing a pilot post-purchase financial check-up and monitoring program to equip homebuyers to set goals and monitor their progress towards their goals during the first year of homeownership. The free, online financial health "check-up" called MyMoneyPath is provided to all homebuyers purchasing homes through the First-Time Homebuyer program who are required to complete pre-purchase education. MyMoneyPath gives homebuyers a financial snapshot of where they are currently, and where they may want to make future modifications in five key areas of financial health: saving, borrowing, budgeting, housing, and retirement. In addition to the free check-up, during the pilot period, homebuyers were provided with the opportunity to participate in a pilot study and receive additional free planning assistance after purchase. The purpose of the pilot study was to test the additional impact of providing free financial coaching for a year after purchase. During the pilot period, 488 homebuyers agreed to participate in the study, two-thirds of whom were provided with one-year of free financial coaching after purchase. The coaching was designed to be

“low-touch” and consisted of quarterly phone calls and/or emails from assigned coaches to the borrowers to check in on their financial health and progress towards their financial goals, as identified on the online check-up.

The MyMoneyPath program is grounded in an ongoing partnership with the OHFA First-Time Homebuyer program and the Office of Affordable Housing Research and Strategic Planning with Dr. Stephanie Moulton at The Ohio State University, John Glenn School of Public Affairs. Dr. Moulton was awarded competitive funding to implement and evaluate the effectiveness of MyMoneyPath through an Outreach and Engagement grant at OSU, and from the Center for Financial Security at the University of Wisconsin.

### **MyMoneyPath Goals**

There are two overarching goals for developing MyMoneyPath. The first goal is to help improve the financial outcomes for first-time homebuyers with low- to moderate-incomes, including reduced mortgage delinquency, reduced non-mortgage debt and increased savings. These outcomes are tracked through administrative and mortgage data collected by OHFA and an online survey of homebuyers administered by OSU 12 months after purchase.

The second goal of the program is to pilot a replicable, evidence-based post-purchase program that can serve as a model for other state and national homeownership programs targeting homebuyers with low- to moderate-incomes. The MyMoneyPath program was designed as a low touch, technology-based intervention that could be easily and cost effectively integrated into existing mortgage programs, including other first-time homebuyer programs administered by state HFAs.

### **Results and Impact**

To test the impact of the MyMoneyPath program on the outcomes noted above, OHFA partnered with OSU to design a rigorous pilot study. Participants purchasing homes between June 1, 2011 and December 31, 2011 were invited to participate in the pilot study, in exchange for a \$25 gift card incentive funded by the research team at OSU. Of the 1,000 homebuyers entering the program during the timeframe, more than 600 agreed to participate in the study with 488 purchasing homes during the study period. OSU has been tracking the outcomes of this group of homebuyers since their time of purchase and has found promising results.

As of February 28, 2013, homebuyers who were offered additional financial coaching after purchase had significantly lower rates of mortgage delinquency in their first 12-18 months after home purchase. Specifically, about 9.5% of those offered coaching missed two payments in a row in the first year as new homebuyers, compared with 13.2% of those not offered coaching. The effect is most pronounced for those with lower credit scores. For example, for participants with credit scores below 680, the delinquency rate within the first 12-18 months was cut in half – from 24% to 12.5% – for participants who were offered coaching after purchase. With these findings, it appears that simply being offered financial coaching at regular intervals after purchase has a positive impact, regardless of whether or not the participant follows through with all coaching sessions. Thus, OHFA was able to determine that homebuyers who are monitored after closing and provided with the option of working with a financial coach have a significantly reduced chance of becoming delinquent on their mortgage.

In addition to reducing mortgage delinquency, other indicators suggest that borrowers who were assigned to coaching were more likely to automate their mortgage payments, and enroll in direct deposit for their paychecks. Further, from credit report data one year after purchase, OHFA found that those offered coaching had lower credit card balances, suggesting that they took out less debt in the first year as a new homeowner. These behaviors may help explain the reduced delinquency observed. Perhaps the most important indications of the program's efforts, however, come from the individual interactions between the new homeowners and financial coaches. Marsha O'Hare, a financial coach for the MyMoneyPath program recounted Maria's story after assisting her.

"Maria purchased her new home nine months ago. She had lived with family or at school all her life and never been totally on her own. She signed up for MyMoneyPath -- she was both excited and nervous about the responsibilities of homeownership and thought some guidance would help. From the beginning, she welcomed the financial coaching as a support system as she navigated the first months of home-related bills, home improvement costs and yard maintenance as a rookie. She felt more and more confident with each coaching session and was able to trust her instincts knowing she was making the right financial decisions. After her third coaching session, she realized the financial goals she had before buying her first home could still be achieved as a homeowner and that she was on track with her money path."

For many households, the purchase of a first home is the largest purchase they have ever made and many struggle to figure out how to balance the new obligations of a mortgage payment, home maintenance, and other costs associated with homeownership along with saving for other long-term financial goals. Through MyMoneyPath, borrowers are provided with critical financial support. In turn, OHFA has been able to evaluate the effectiveness of this support on the over-all financial well-being of the first-time homebuyer, thereby improving the program for future participants. The Agency is excited about the promising results from the pilot program and is exploring making it available free of charge to Ohio homebuyers in the future. There are many excellent counseling and education programs that provide support to homebuyers before they purchase their home; however, it is important to continue providing support to our homebuyers after they purchase their new home.