

2010 NCSHA Award Nomination—Ohio Housing Finance Agency

Homeownership—Empowering New Buyers

Grants for Grads: A Homeownership Incentive

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Thousands of graduates have left Ohio and are pursuing jobs, buying homes and starting families in other states. To address this issue, the Ohio General Assembly passed a bill sponsored by State Senator Stephen Buehrer to help incentivize young talent to remain in Ohio and earn a return on their educational investment.

“If a college graduate has a job offer in Ohio and one in [another state], that young person is going to weigh the salary, perhaps the taxes, the cost of housing. If we can say that you’ll receive \$5,000 if you stay in Ohio that might be enough incentive to keep those people at home. If a person stays five years they’re likely to stay here three decades. This is exactly the time in life when people are making their first life decisions beyond college. This is our chance to grab them and say, ‘Ohio welcomes you.’”

--State Senator Stephen Buehrer

The Ohio Housing Finance Agency (OHFA) played a key role in shaping the resulting *Grants for Grads* program, modeling it after the agency’s successful First-Time Homebuyer Program.

OHFA leveraged its First-Time Homebuyer Program as a framework to help create the program parameters for *Grants for Grads*, requiring applicants to purchase their first home in Ohio with the intent to live and work in the state for at least five years after graduation. In addition to a mortgage with a favorable interest rate, students graduating with an associate’s, bachelor’s or more advanced degrees get a grant for 2.5 percent of the home’s value to assist with down payment or closing costs. This mirrors OHFA’s existing down payment assistance grant program, but with a more favorable first mortgage interest rate and higher income limits. The program is offered through OHFA’s network of participating lenders who provide affordable fixed-rate mortgages. To qualify, participants must have been a resident of Ohio at the time of high school graduation and have received an associate’s, bachelor’s, master’s, doctorate or other postgraduate degree from an institution of higher education recognized by the Ohio Board of Regents.

Other qualifications include:

- Being a first-time homebuyer, or
- Not having had an ownership interest in a primary residence in the past three years.
- Purchase a single-family home, condominium or manufactured home that meets OHFA guidelines.

Program participants are also required to complete a homebuyer education course offered by any U.S. Department of Housing and Urban Development (HUD) approved housing counseling agency or through OHFA’s streamlined program. New homeowners in the *Grants for Grads* program will not have to repay the assistance unless they move out of Ohio within five years of purchasing their home. A second mortgage will be

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recorded, and the balance will be forgiven at the rate of 20% per year. After the fifth year, the second mortgage will be released.

OHFA may still provide an incentive to homeownership for Ohio graduates even if they do not meet the parameters of the *Grants for Grads* program, as they may qualify for the First-Time Homebuyer program or other Agency homeownership options. As a result, the *Grants for Grads* program has proven to be an effective marketing tool for many of OHFA's programs.

OHFA developed several strategic partnerships with Ohio's colleges and universities, the Ohio Board of Regents, Inter-University Council of Ohio, young professional groups, state agencies, legislature, lenders and legislature to promote the program to college students and alumni. The Agency wrote and distributed a press release announcing the launch of the program, which was sent to statewide print and broadcast media and conducted media interviews to introduce and promote the program across Ohio. As a result, over 20 news articles were printed in daily publications and aired on radio stations statewide.

In addition to web advertisements, a new promotional marketing publication was designed and printed in-house. Materials were distributed at on-campus events, student venues, libraries, campus facilities, alumni associations and student unions throughout the state to further promote the opportunity of homeownership to graduates. A *Grants for Grads* webpage was added to the OHFA website to provide more information on how to qualify for the program.

A comprehensive advertising campaign targeted to recent graduates was launched to generate program interest. Radio advertising in key areas of the state combined with on-air interviews featuring OHFA's Executive Director and Director of Homeownership helped provide specific information to potential borrowers. Facebook and Google ads together with messages highlighting the program on Twitter and Facebook updates created an effective platform for reaching young graduates. OHFA developed partnerships with college campuses and alumni groups, visiting on-campus fairs and events to provide face-to-face education about program.

Grants for Grads is operating as expected, with 5 percent of OHFA's total loan volume under this program. This program is an effective way to engage potential homebuyers and while offering an incentive for young graduates to live and work in Ohio. Through June 30, 2010, 74 *Grants for Grads* loans totaling \$8,774,637 have been closed. At least 40 additional loan applications are being processed. OHFA has been able to manage the limited volume of loans from borrowers who exceed the income from our mortgage revenue bond program by pooling non-conforming loans and selling the mortgage-backed securities to investors.

By facilitating the *Grants for Grads* program, OHFA has positioned the state to meet the needs of future graduates as they make plans to build their personal and professional lives in Ohio after college. Providing an incentive for graduates to build a future here plants the seeds of sustainable homeownership, strengthening Ohio's communities and economy.