

# Home for Grads

## **Delaware State Housing Authority**

Homeownership: Empowering New Buyers

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### **“Homes for Grads”**

With national student loan debt surpassing \$1.4 trillion, or 10 percent of all outstanding debt, many Americans are holding off on buying a home or choosing not to buy a home altogether. In fact, in a 2017 study conducted by the National Association of Realtors, 83 percent of non-homeowners cited student loan debt as the factor delaying them from buying a home.<sup>1</sup>

In Delaware, at least 65 percent of college graduates will leave school with student loan debt averaging more than \$36,000, and all too often, those graduates are choosing not to buy a home in the near-term or are considering never buying a home due to the financial challenges caused by significant student loan debt.<sup>2</sup> To address some of the barriers these buyers face, DSHA launched a new initiative to help recent college graduates purchase a home in Delaware. Launched in June 2019, DSHA’s “Homes for Grads” program provides a reduced mortgage rate of 50 basis points or one-half of a percentage for homebuyers in Delaware who have graduated college with a four-year degree or higher within the last three years. The discount offered by DSHA provides the typical buyer with savings of roughly \$60 a month or about \$720 annually and \$21,600 over the life of the loan.

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

The burden of student loan debt can be a significant barrier to affording monthly payments and saving for a down payment. Among non-homeowners surveyed by the National Association of Realtors in 2017 who believe their student loan debt is delaying their ability to purchase a home, 85 percent believe the cause is the inability to save for a down payment.<sup>3</sup> With more than half of college graduates in Delaware leaving school with student loan debt, DSHA wanted to provide those residents who may be struggling to save for a down payment the opportunity to own a home. The Homes for Grads program couples the reduced mortgage rate with down payment assistance so recent college graduates can benefit both from the cost-savings of a lower mortgage rate and from not having to worry about saving for a down payment before they can participate in the program. With thousands of Delawareans potentially delaying buying a home in our state because of the burden of student loan debt, the Homes for Grads program is an innovative way to help those buyers realize the dream of homeownership.

Homeownership strengthens families, stabilizes neighborhoods, builds communities, reduces crime and promotes personal well-being. DSHA believes homeownership should be achievable for all, and the Homes for Grads program is another tool we can use to help more Delawareans become homeowners.

In addition to the impact student loan debt has on Delawareans hoping to buy a home, the burden of student loan debt can also prevent some of our state’s brightest young people from setting down roots in our state, particularly those who come from out-of-state for their college education. These are the

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<sup>1</sup> Student Loan Debt and Housing Report 2017; National Association of Realtors; 2017; at 2. *Available at*, <https://www.nar.realtor/sites/default/files/documents/2017-student-loan-debt-and-housing-09-26-2017.pdf>.

<sup>2</sup> Student Loan Debt Climbs to \$1.4 Trillion in 2019; Experian; 2019; *Available at*, <https://www.experian.com/blogs/ask-experian/state-of-student-loan-debt/#s3>.

<sup>3</sup> *Id.*, at 23.

same young, educated individuals and households we want to stay in Delaware after they graduate and contribute to our workforce and our communities. The Homes for Grads program not only addresses the issue of burdensome student loans, but it also acts as an economic development tool, encouraging our state's educated residents to make a commitment to staying in Delaware. By making the home-buying process more affordable for this population, DSHA is in turn helping to improve our state's economy. If a recent graduate buys a home in Delaware using the Homes for Grads program, they contribute to the economy through income and property taxes; improve the communities in which they live; and bring the knowledge they gained while obtaining a degree to employers and businesses in our state. These buyers are teachers, nurses, social workers, entrepreneurs, small business owners, and other workers we value and want to encourage to stay in Delaware permanently.

### **Homes for Grads Success Stories**

Since the Homes for Grads program launched in June 2019, DSHA has closed on 54 loans at a total of more than \$11.6 million. While these numbers show the financial success of the program, the more important story of success is the many new homeowners DSHA has been able to assist through the program. This includes homeowners like:

- **Brittany Robinson**, who always had dreams of becoming a homeowner but could not save for a down payment after graduating from Delaware State University with student loans. Ms. Robinson was able to use the Homes for Grads program to buy a home in Middletown, Delaware, a fast-growing area of the state.
- **Stephanie Miller**, who recently graduated from Wilmington University and wasn't sure she would ever be able to afford to buy her own home. Ms. Miller and her fiancé were able to use the Homes for Grads program to buy a home in New Castle where they now live with their daughter. Ms. Miller said the Homes for Grads program was life-changing for her: "If you think of all of the debt that you graduate with, being able to have that help to buy our own home and get on our feet with a new career and a new house is just amazing," she said.

### **Providing Benefits that Outweigh Costs and Demonstrating Measurable Benefits to HFA Targeted Customers**

Like other HFAs across the country, DSHA is regularly looking for ways to engage with and target new populations who could benefit from our lower mortgage rates and down payment assistance, including the millennial generation and the younger Generation Z. The Homes for Grads program targets recent college graduates, which often includes those ranging in age from their early 20s to their late 30s. When asked how long student loan debt may delay them from buying a home, millennials said they expected to be delayed by at least seven years. Borrowers who have student debt between \$30,000 and \$50,000 and above \$70,000 said they expect to be delayed by more than eight years from purchasing a home.<sup>4</sup>

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<sup>4</sup> Student Loan Debt and Housing Report 2017; National Association of Realtors; 2017; at 2. Available at, <https://www.nar.realtor/sites/default/files/documents/2017-student-loan-debt-and-housing-09-26-2017.pdf>.

Buying a home can often be cheaper than renting and is one of the best ways to build personal wealth and equity. The Homes for Grads program can remove the barriers faced by buyers with student loan debt and allow Delawareans who have recently graduated from college the opportunity to own a home sooner rather than later. With assistance from DSHA, they can begin taking advantage of the benefits of homeownership years before they ever thought they would.

### **Demonstrating Effective Use of Resources and Effectively Employing Partnerships**

DSHA's greatest allies in getting the word out about the Homes for Grads program are our partner lenders – the individuals and agencies we work with regularly to offer our homeownership programs in Delaware. When it came time to launch the new program, we relied on these existing partnerships to help market Homes for Grads to potential homebuyers. At the launch event held during National Homeownership Month on June 13, 2019, we invited one of those partner lenders, Tracy Chongling, to speak to those in attendance about how the Homes for Grads program could benefit her clients. Tracy said she often hears from Delaware residents who are concerned their student loan debt may impact their ability to buy a home, and she was excited to have this additional tool from DSHA to help more Delawareans become homeowners. Tracy has since closed several Homes for Grads loans with us, including Stephanie Miller's loan.

At the same event on June 13, DSHA also invited leaders from local colleges and universities to attend and speak. Two of those leaders graciously accepted the invitation. Wesley College President Robert Clark and Delaware State University President Tony Allen spoke of the benefits of the program for their alumni and said they were thrilled with the prospect of retaining their alumni in Delaware thanks to the Homes for Grads program. DSHA is fortunate that in a small state like Delaware we are able to form these partnerships with education leaders for a program like Homes for Grads. Since the program's launch, at least six of the loans closed have been from either Wesley College or Delaware State University, showing that our partnership with these two institutions has already resulted in numerous participants in the Homes for Grads program.

### **A Replicable Initiative Achieving Strategic Objectives**

DSHA used existing mortgage funding of \$10 million for the initial launch of the program. About nine months into the program, DSHA realized that demand for the program exceeded that initial amount, and we committed additional funding in the amount of \$10 million from our Homeownership Loan Program to be allocated for use under the Homes for Grads program. A program like Homes for Grads is replicable by most, if not all, HFAs who earn mortgage revenue through their homeownership products. We believe the Homes for Grads program is more than worth the funding commitment provided towards it. The program allows DSHA to target and empower a new population of homeowners, and the success of Homes for Grads has shown that this group of homebuyers was interested in buying a home but may not have had the opportunity to do so in the past due to their student loan debt.

### Visual Aids

#### 1) Video testimonials from Homes for Grads participants:

##### a. Brittany Robinson



<https://www.youtube.com/watch?v=7GlyFN5f10M>

##### b. Stephanie Miller



<https://www.youtube.com/watch?v=1CnRnmLE6vY&t=56s>

**2) Photos from the Homes for Grads announcement event during National Homeownership Month in June:**



Pictured at the June Homes for Grads announcement event is, from left, HUD Field Office Director, Maria Bynum, State Representative Kevin Hensley, DSHA Director Anas Ben Addi, Delaware Governor John Carney, and State Representative Kendra Johnson.



Delaware State University President Tony Allen speaks at the June announcement event about the benefits the Homes for Grads program will provide his university's alumni.





Wesley College President Robert Clark speaks at the June Homes for Grads announcement event about the benefits the new program will provide for his college's alumni.



Tracy Chongling, one of DSHA's participating lenders, speaks at the June Homes for Grads announcement event about the benefits the new program will provide for her clients buying homes in Delaware.

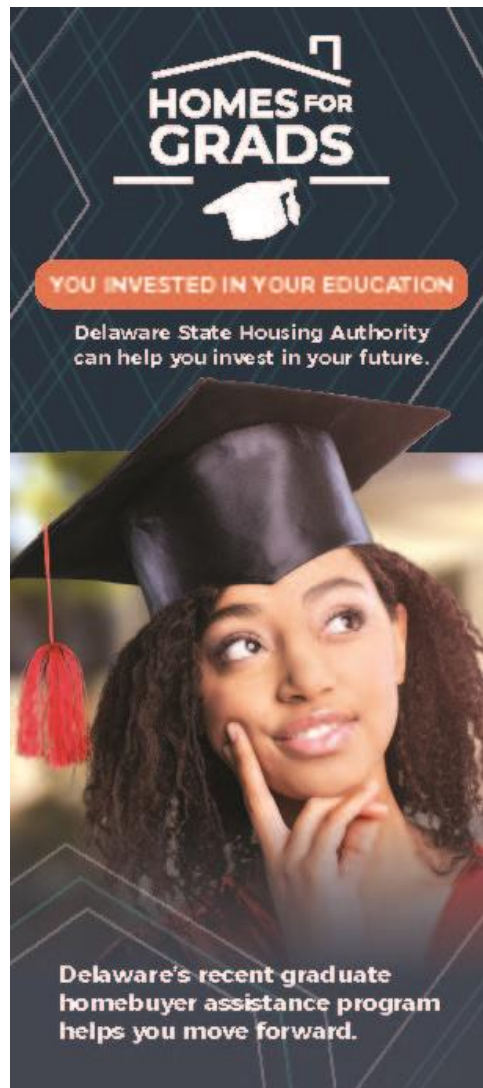
### 3) Homes for Grads promotional materials

- Social Media Graphics:





- **Rack card:**



**4) Selected media coverage of the June Homes for Grads announcement from WMDT (TV) and Delaware Public Media (radio)**

## **Homes for Grads: New program helps recent grads buy homes**

*June 13, 2019*

[Deana Harley](#)



<https://www.wmdt.com/2019/06/homes-for-grads-new-program-helps-recent-grads-buy-homes/>

DOVER, Del. – If you're a recent graduate you might think that being a homeowner is out of the question but Delaware officials are giving you the key to make it happen.

"What we just announced today is a set a side of \$10 million for recent grads," Anas Ben Addi, Director of the Delaware State Housing Authority, said on Thursday.

They're calling it the Home for Grads program, and it includes \$10 million from the state housing authority that's opening the door for recent grads to plant their roots in the first state.

"This is huge for the college graduate of the state of Delaware," Tracy Chongling, Vice President of Mortgage Lending, said. "It's giving them the education and the resources to come out of school armed ready to purchase homes."

To qualify, you just need to be a graduate from a four-year college anywhere in the country within the last three years. And that's it, you qualify for a low interest rate on your mortgage, saving you money each month.

"And from my experience a \$10 difference monthly can make a difference between somebody becoming a homeowner being able to afford the mortgage, and not being a homeowner, and probably being a renter for a long time," Ben Addi said.

And while the program will help recent graduates stay in Delaware, it will be a win for the state too.

“We know the communities thrive when we have people eating, sleeping, living, shopping, and working in our communities,” Ben Addi said.

Officials don’t know how long that \$10 million will last, but they’re hoping to get even more money in the future to keep this program running.

## State launches housing program for college grads

By NICK CIOLINO · JUN 17, 2019

<https://www.delawarepublic.org/post/state-launches-housing-program-college-grads>

Delaware is helping recent college grads to purchase their first homes in the state.

Gov. John Carney (D) recently announced the launch of the state’s “Homes for Grads” program. It offers people who have graduated college with a four-year degree or higher in the past three years discounted rates for home loans through the Delaware State Housing Authority.

Housing Authority spokeswoman Jessica Eisenbrey says this isn’t just a homeownership initiative but an economic one.

“We have employers here in the state who need an educated workforce. They need these people who have the skills and the knowledge to fill the jobs that they have,” said Eisenbrey. “We want graduates to come to Delaware from other states to study at our schools and then we want to keep them here if we can.”

The Housing Authority has set aside \$10 million in revenue from mortgage loans to launch the program. Discover Bank is also lending financial support.

“We’ve put that forward. We’re going to see what kind of response we get and if we go through that \$10 million we’re going to assess our budget and revenue and see if we can put some more money towards it, if we get a good response,” Eisenbrey said.

2020 NCSHA Award Entry

**HFA:** Delaware State Housing Authority

**Entry Title:** Homes for Grads

**Category:** Homeownership

**Subcategory:** Empowering New Buyers

Homes for Grads will provide qualifying homebuyers with a reduced mortgage rate of 50 basis points or one-half of a percentage.

The program has county-based income limits and requires a credit score of 620 or better.