

# NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

**Deadline: Wednesday, June 15, 2016**

Visit [ncsha.org/awards](http://ncsha.org/awards) to view the Annual Awards Call for Entries.

**Instructions:** Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact [awards@ncsha.org](mailto:awards@ncsha.org) or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name:** \_\_\_\_\_

**HFA:** \_\_\_\_\_

**Submission Contact:** (Must be HFA Staff Member) \_\_\_\_\_ **Email:** \_\_\_\_\_

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

\_\_\_\_\_

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

**HFA:** \_\_\_\_\_

**Entry Name:** \_\_\_\_\_

\_\_\_\_\_

**Select the appropriate subcategory of your entry and indicate if you are providing visual aids.**

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

## CATEGORY: HOMEOWNERSHIP - EMPOWERING NEW BUYERS

### Building Successful Homeowners by Building Capacity – Minnesota’s Enhanced Homeownership Capacity Initiative

#### The Challenge – responding to an important need

Households of color are an important and increasing share of Minnesota’s population and are expected to grow from 18.7% in 2015 to 24.8% in 2035. At Minnesota Housing, we believe the strength of our communities and our state is tied to how effectively we respond to these changing demographics. While the homeownership rate for white households is 76.0 percent, it is 40.6 percent for households of color, leaving us with the third highest disparity in the homeownership rate between white households and households of color. The gap is even more alarming for African-American households, with a current homeownership rate of 25%. Minnesota Housing is committed to working with our partners to help more families of color become successful homeowners and created the Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity) as a new tool to help empower new buyers and eliminate this gap.

#### Our Solution – building on our strategic priority

We believe having an affordable, stable home is the foundation for success for Minnesota families. Successful homeownership allows individuals and families to place roots in a community, create stability, and build wealth. Homeownership is also a significant responsibility with many challenges and risks. Minnesota Housing understands that there are many families who have the ability to become successful homeowners and can afford monthly mortgage payments, but need added coaching and one on one support beyond what traditional homebuyer education and counseling offers. The Homeownership Capacity Initiative is a pilot initiative designed to help low-income renters and households of color or Hispanic ethnicity improve their chances of becoming successful homeowners.

#### Clear, tangible goals:

- **What?** We strive to increase the probability of successful homeownership and household stability.
- **How?** Through intensive financial empowerment and homeowner training.
- **Who?** We collaborate with organizations that work closely with low-income renters and households of color who have the goal of homeownership.

It supplements homebuyer education and counseling by focusing efforts on **financial** education and one-on-one coaching. It is not homebuyer education or counseling services. The services available under Homeownership Capacity are provided through collaborative efforts with organizations that work closely with potential homeowners. Homeownership Capacity supplements the traditional homeowner training provided by the statewide Homeownership Advisors Network, coordinated by the Minnesota Homeownership Center. As part of this effort, Minnesota Housing works with designated organizations to increase the chances of successful homeownership and household stability through intensive, and sometimes long-term, financial empowerment and homeowner training. As one successful client recently stated, it provided much needed help without judgement.

## **Reaching targeted consumers**

We designed the program to reach households that meet the following simple criteria:

- Desire – consumers must have the goal of becoming a homeowner or improving their homeownership situation.
- Barriers – to receive the in depth aid of this program, there must be existing barriers to achieving homeownership and a path to addressing those barriers.
- Income - Adequate income to support homeownership or will achieve adequate income through the support of Homeownership Capacity services.
- Commitment - Willingness to commit to the time intensive nature of the counseling and commitment to complete homebuyer education when they are ready to buy a home.

## **Program elements:**

When interested homebuyers first make contact with one of our delivery partners, they go through a simple intake assessment that indicates where the client is at in the home buying process. If they have already had a mortgage pre-approval, signed purchase agreement, or actively searching for a home to purchase, they are referred to a homebuyer educator or counselor for traditional homeownership education and counseling services.

If further review of the client's situation is conducted to determine if they are more appropriate for Homeownership Capacity based on such factors as employment history, current and projected income, expenses, savings, credit history/credit score, banking history and accounts status and stated interest in homeownership. Homeownership Capacity coaches develop a longer term relationship with the client and build awareness and capacity in the following categories.

## **Financial Education:**

- **Asset building**
  - Savings, including emergency savings
  - Retirement plans
  - Homeownership
  - Higher education
- **Credit report education**
  - How to read a credit report
  - How to repair items on a credit report
  - How to re-build credit
- **Development of spending plans, financial best practices, and pitfalls**
  - Importance of filing taxes
  - Overdrafts
  - Payday loans
  - Auto loans
  - Prepaid cards
  - Credit cards
  - Insurance (car, life, health, etc.)
  -

- **Consumer protection**
  - Services offered by banks and credit unions
  - Predatory financial scams
  - How to address identity theft
  - Ways to protect identity
  -

This detailed and hands-on approach in a one-on-one setting tailored for individual need provides a framework for their future and allows households who go through the program to shift from deficit based approach of things they didn't know about or things they needed to fix to taking control over their financial destiny and building future wealth for their family through goal-setting, assessment, action planning and accountability. To continue the accountability, we also require check-ins a minimum of every six months and strongly encourage more frequent check-ins.

### **Program Evaluation**

Homeownership Capacity evaluation is both quantitative and qualitative and a standard set of data collection items used to demonstrate client progress towards goal and post-goal achievement outcomes is required to help us track and measure success.

### **Achieving measureable results and successful program outcomes**

Although Homeownership Capacity is relatively new, it has already demonstrated clear success, including the following highlights:

- 90% that are entered the program are households of color and Hispanic ethnicity
- 95% are at or below 80% AMI (area median income)
- 70% have identified credit as the primary barrier to homeownership
- 891 households have entered the program
- We've also have close to 220 exit so far with 50% that have purchased.
- Diversity and number of the providers keeps growing

### **Lessons learned/suggestions to our NCSHA Peers**

Our successful Homeownership Capacity delivery partners all have these important factors in common:

- Each had internal support from the top down.
- Recognize that this is a time intensive and expensive service to provide.
- Invest in cultural competency and commit to building relationships in the community.
- Ongoing training of staff is key (i.e. credit reports, credit builder products, etc.)
- Since the services are more integrated, a strong referral network is a must.
- Commit to intensive and ongoing technical assistance from Minnesota Housing.
- Found ways to demonstrate short-term outcomes in the absence of final outcomes (i.e. home purchase) which may be 2-3 years out from program entry.
- Commit to building relationships with providers.
- Value and include the input from the providers in the program design.

If you are interested in finding out more about Minnesota Housing and our Enhanced Financial Capacity Initiative, please contact [ruth.hutchins@state.mn.us](mailto:ruth.hutchins@state.mn.us).

## Attachment 1



### Success Story: Jose Luis Luna Perez

Jose Luna Perez is a father of four who dreamed of purchasing a home for his family. He came to Three Rivers in March 2015 after a referral from a local real estate agent. He met with counselor Joseph Eslait, who enrolled Jose in homeownership counseling, funded by Minnesota Housing through the Homeownership Capacity Program. At their initial appointment, Joseph pulled Jose's credit and found that his identity had been stolen and there were multiple accounts and collections that were not his. His credit report was 11 pages long and his score was 594. While this information was overwhelming at first, Joseph walked Jose through his entire credit report, helped him to prepare a household budget and created a detailed action plan to help Jose achieve his dream of homeownership.

Six months later, Jose had followed through on many steps of his plan. He called all three credit bureaus to report identity theft on his accounts, corrected all of his personal information and paid some of the smaller collections. Jose was able to improve his credit score to 631 and reduce his debt from \$18,000 to \$6,000. Jose also established a budget to maximize his savings every month and increased his 401k contribution at work. Jose also began to open and check all of his mail. Jose stated that he was overwhelmed with all the mail he would get from the bureaus and other bills but saw the benefit of checking all his mail. The last part of the action plan was to pay off \$3,409 in collections, and Jose was able to negotiate some of the collections and reduce his liability.

By November, Jose had improved his credit score to 648. He was ready for homeownership. He met with Sanela Dzamalija, a lender at PHH Home Loans who works with many first time buyers, and was able to obtain an FHA loan to buy his new home. He also qualified for and received down payment assistance to help make his home more affordable. Jose admits that it was a long and tough process, but he did not give up and it was all worth it when he closed on his new home.



*Joseph Eslait (Three Rivers), Sanela Dzamalija (PHH Home Loans), Jose and his family, and Abbe Swenson (Burnet Title) celebrated at the closing on January 5.*

## Attachment 2



### Success Story: Juan and Melanie

Juan and Melanie are new to Rochester and were looking for a home to buy. After meeting with a lender they learned that they would need at least one year before they could qualify for a loan. They contacted Three Rivers and enrolled in the Achieve Homeownership Program, which provides individual homebuyer counseling and education to prepare families for homeownership. Committed to working toward qualifying for a mortgage but anxious to move their growing family into a home, they decided to apply for the Bridge Program at Three Rivers. The Bridge Program is a pilot initiative where Three Rivers purchases and renovates older homes, selling them on a short-term contract for deed to families who are on a path toward qualifying for conventional lender financing. Households participating in the program agree to meet quarterly with homeownership counselors, setting a plan toward mortgage qualification that might include stabilizing income, establishing or repairing credit, and increasing savings. Juan and Melanie qualified for the program and purchased a newly renovated home.

Juan, Melanie and their daughter Alyson recently welcomed us to their new home. They all had big smiles on their faces and were happy to see us. When asked what made them buy a house, they said they wanted a good investment for their future. They were commuting a long distance for work and wanted to be closer to Rochester. Buying a home for the Murillo family meant stability. The house is located in a safe and quiet area. The house is next to a school and grocery store. They have met their neighbors and feel a great sense of community.

The Murillos said they were so thankful to Three Rivers and appreciate all of the help they received. Buying a house was a big decision for them, but that having had a checklist with the things you need to do, getting advice on paying off your debt, checking your credit and attending a home buying class were all suggestions they would give to first-time homebuyers. The family will continue to work with homeownership counselors at Three Rivers who will assist them in meeting their financial goals, including qualifying for a conventional mortgage.

The Murillos are looking forward to getting more settled into their house and make it feel like home.



### Attachment 3

## **More than A Place to Live - Housing Programs Help Participants Build Assets for Long Term Success**

“I was mad at the world, I’d lost my home.”

Maurice remembers the pain of losing his home. Months after buying a home in 2007, he lost his job. Soon after, he lost the home as well. Owning a home was an important milestone for Maurice and his family, one he was eager to reach again.

“One thing we never had growing up was our own home. We moved around a lot. I even went to five schools one year,” Maurice remembers. “I want my kids to have a house to grow up in, to be able to point to a house and say, ‘That’s where I grew up.’”



Minnesota Housing works with many partners, including PPL, to close the housing gap by creating opportunities for ownership in three ways: homeownership counseling, renovation and repairs to existing properties, and new construction. Each of these helps families build assets they can leverage for the long haul and improve the neighborhoods in which they live.



*PPL financial coaches helped Maurice (above) purchase his new home.*

PPL’s Home Ready Financial Coaching program, funded by Minnesota Housing, helps participants clean up their credit and create budgets in preparation for purchasing a new home. PPL staff have worked with 55 households so far, leading to 25 homes purchased, including the one Maurice just bought.

“If I ever wanted to have a shot at having a home for my family again, I needed to do this,” Maurice recalls, “I followed the coach step by step, and my credit score started going higher and higher.”

Maurice’s efforts helped his family get approved for a mortgage. They closed on their new home and moved in a few weeks ago.

“It was pure joy when all the papers were signed,” Maurice said. “It wouldn’t have been possible without PPL.”