

Homebuyer Assistance Program: Economic and Social Impact

Puerto Rico Housing Finance Authority
Homeownership: Empowering New Buyers

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PUERTO RICO HOUSING FINANCE AUTHORITY
HOMEBUYER ASSISTANCE PROGRAM: ECONOMIC AND SOCIAL IMPACT
HOMEOWNERSHIP – EMPOWERING NEW BUYERS

SUMMARY

The Homebuyer Assistance Program (HBA), made possible by CDBG-DR funds, aims to boost homeownership rates in Puerto Rico and reduce financial obstacles by cutting financing costs for property acquisition. It prioritizes the Critical Recovery Workforce, including key individuals in public safety, emergency response, education, healthcare, and essential services. Administered by PRHFA, it received \$695 million allocation, with \$336.8 million awarded as of December 2023, benefiting 9,022 households.

INNOVATION

The Homebuyer Assistance Program (HBA) implemented by the Puerto Rico Housing Finance Authority (PRHFA) exemplifies innovation in housing initiatives, particularly for its innovative approach in utilizing Community Development Block Grant – Disaster Recovery (CDBG-DR) funds allocated by the U.S. Congress in the aftermath of hurricanes Irma and Maria for addressing the needs of underserved groups and members of the Critical Recovery Workforce (CRW). By specifically targeting individuals who play a pivotal role in providing public safety, emergency support, education, healthcare, and various other vital services to communities striving to recover and rebuild, the HBA Program demonstrates a keen understanding of the interconnectedness between housing stability and community resilience. Moreover, the program's commitment to supporting urban revitalization efforts amplifies its impact, offering additional incentives to eligible homebuyers who choose to invest in certified urban centers. Another aspect that distinguishes the PRHFA's implementation of the HBA Program is its innovative ecosystem designed to drive success on a comprehensive scale. By mobilizing a network of dedicated PRHFA employees, internal resources, and strategic external partners, the program establishes a robust framework for outreach and support, ensuring reaching underserved communities and CRW members across Puerto Rico.

REPLICABILITY

The HBA Program serves as a replicable model for housing finance agencies across different jurisdictions. While each agency may confront unique circumstances, the success of the HBA Program underscores key principles that can be adapted elsewhere. Firstly, understanding the target audience, as demonstrated by the PRHFA's focus on underserved groups and the Critical Recovery Workforce, lays the foundation for effective program design and outreach strategies. Secondly, assessing HFA staff capacity and internal resources is crucial for ensuring the program's robust implementation and sustainability. Finally, establishing partnerships with stakeholders such as lending institutions, HUD-Approved Housing Counseling Agencies, and real estate professionals enhances outreach efforts and provides vital support to potential homebuyers. By considering these factors and fostering collaborative relationships, housing finance agencies can replicate the success of the Puerto Rico's HBA Program in their own jurisdictions, thereby expanding access to homeownership opportunities and fostering community development.

RESPOND TO AN IMPORTANT STATE HOUSING NEED

The HBA Program addresses an important state housing need in Puerto Rico, particularly in light of challenges exacerbated by hurricanes Irma and María in 2017. Outmigration posed a significant threat to community sustainability and viability across the island even before these disasters struck, and the aftermath saw these issues escalate. As well, other critical factors underscore the need for robust homeownership initiatives in Puerto Rico. Despite boasting a homeownership rate of 68%, disparities persist among various demographic groups. Notably, there has been a decline in household tenure across all age brackets, particularly among the youth, with homeownership rates plummeting to 27% among households under 35 years old. This highlights the urgent need for targeted interventions to support this demographic. Moreover, prioritizing support for the working class and those in critical occupations, often overlooked by other programs yet facing significant housing access challenges, is vital for sustaining economic growth and fostering community stability in Puerto Rico. The Program's focus on removing financial barriers and

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promoting homeownership serves as a crucial step towards addressing these pressing housing needs and fostering long-term resilience across the island.

MEASURABLE BENEFITS TO HFA TARGETED CUSTOMERS AND UNDERSERVED MARKETS

The HBA Program has had a significant impact helping to address housing-related problems, particularly benefiting underserved and vulnerable populations. As of December 31, 2023, a total of \$336.8 million had been awarded, benefiting 9,022 households throughout Puerto Rico's 78 municipalities. Low- and moderate-income households represent 57.6% of the total households benefited, with a median income of \$26,139.20. In 30.2% of the cases benefited, one of the household members practices an occupation designated as critical to Puerto Rico's recovery, including 1,143 health professionals, 934 educators, 181 technicians and emergency managers, and 308 members of the uniformed services. These are priority populations for the Program who received up to \$60,000 in subsidies for the purchase of their first home. A significant proportion of the municipalities impacted by the Program present high levels of vulnerability associated with housing and tenure capacity. Furthermore, in three of every four (74.6%) of the beneficiary households, the applicant was under 44 years of age, with the median age being 36 years. This represents a significant impact on a population with a much younger head of household than the average age for Puerto Rico's head of household, according to the most recent information from the Census Bureau's Community Survey. As well, 8,997 of households that have benefited identified themselves as Hispanic or Latino.

PROVEN TRACK RECORD OF SUCCESS IN THE MARKETPLACE

In addition to meeting eligibility criteria, potential homebuyers under the Program must secure a first mortgage from a lending institution. Consequently, the Program relies on engagement from lending institutions, real estate professionals, and the marketplace. With over 9,000 participants achieving homeownership, the Program demonstrates success in the marketplace. Financial institutions acknowledge this success and actively strive to meet disbursement timelines. The HBA Program staff further supports lending institutions, real estate professionals, and other stakeholders by providing updates and guidance on the Program Guidelines and requirements through training sessions and other forms of communication.

BENEFITS THAT OUTWEIGH COSTS

An economic impact study conducted by the PRHFA underscores the substantial benefits of the HBA Program, which far outweigh its costs. With \$858.1 million generated in economic activity, equivalent to \$2.55 for every dollar invested, the program exhibits a remarkable return on investment. This infusion of economic activity not only supports 2,310 jobs directly or indirectly but also contributes to a payroll totaling \$75.7 million. Additionally, the program's estimated contribution of \$13.4 million to the Treasury, facilitated through consumption and income from the supported jobs and economic activity, demonstrates its positive fiscal impact. These findings validate the HBA Program as a key driver of economic growth, job creation, and fiscal prosperity in Puerto Rico, reinforcing its indispensable role in bolstering the region's economic resilience and vitality.

DEMONSTRATE EFFECTIVE USE OF RESOURCES

The HBA Program exemplifies an effective use of resources, as highlighted by its substantial benefits outweighing its costs. With \$858.1 million generated in economic activity, equivalent to \$2.55 for every dollar invested, the program demonstrates a remarkable return on investment. Moreover, achieving its goals and objectives, the program has successfully assisted over 9,000 homebuyers, including low- and moderate-income individuals, Critical Recovery Workforce (CRW) members, and other residents of Puerto Rico. This extensive reach not only promotes homeownership but also contributes to the sustainability and viability of communities and municipalities across the island. Furthermore, the program's collaborative efforts with lending institutions, real estate professionals, and other stakeholders to create awareness and reach potential homebuyers throughout Puerto Rico further exemplify its efficient resource utilization. Through strategic

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partnerships and targeted outreach initiatives, the HBA Program maximizes its impact while minimizing costs, thereby reinforcing its role as a catalyst for economic growth and community development in Puerto Rico.

EFFECTIVELY EMPLOY PARTNERSHIPS

The success of the HBA Program is deeply intertwined with its strategic partnerships, which have played a pivotal role in its implementation and impact. At the core of the PRHFA's approach lies an innovative ecosystem crafted to drive success on a comprehensive scale. By mobilizing a network of dedicated PRHFA employees, internal resources, and strategic external partners, the program has established a robust framework for outreach and support, ensuring accessibility for citizens across Puerto Rico. The value of partnerships in the success of the HBA Program is further underscored by the PRHFA's commitment to cultivating strong relationships with a diverse network of participating lending institutions. Collaborating with the three major commercial banks of Puerto Rico, 28 Mortgage Lenders, and 30 Credit Unions serving all 78 municipalities of the island, the program has been able to provide affordable and secure housing options to eligible homebuyers across diverse geographic regions. Additionally, partnerships with 6 Housing Counseling Agencies have proven instrumental in offering valuable financial literacy, debt management, budgeting, and homeowner education to program applicants, empowering them to navigate the homebuying process with confidence. Through these collaborative efforts, the HBA Program has not only facilitated access to homeownership but has also fostered financial stability and empowerment within communities, reinforcing the importance of strategic partnerships in achieving program objectives and driving positive socio-economic outcomes in Puerto Rico.

ACHIEVE STRATEGIC OBJECTIVES

The HBA Program, prioritized by the PRHFA as part of its mission to support Puerto Rico's recovery, has successfully achieved strategic objectives aimed at increasing homeownership rates and addressing housing-related challenges. By assisting individuals and families in acquiring homes, the program has played a crucial role in combating outmigration and fostering positive socioeconomic effects across the island. Moreover, the HBA Program has demonstrated a significant impact in addressing housing-related problems, particularly benefiting vulnerable populations and Critical Recovery Workforce across Puerto Rico's 78 municipalities. With a total of \$336.8 million awarded as of December 31, 2023, the program has provided assistance to 9,022 households, with 57.6% representing low- and moderate-income households, while three out of every ten beneficiaries are individuals working in occupations critical to Puerto Rico's recovery, such as health professionals, educators, technicians, emergency managers, and members of the uniformed services. These priority populations received subsidies of up to \$60,000 for their first home purchases, reflecting the program's commitment to supporting those essential to the island's revitalization efforts. Additionally, many municipalities impacted by the program exhibit high levels of vulnerability associated with housing and tenure capacity, further underscoring the program's strategic focus on addressing pressing housing needs across diverse communities in Puerto Rico.

CONCLUSION


At its core, the HBA Program intends to make the dream of homeownership a reality for many families and individuals by alleviating the financial barriers associated with property acquisition, while contributing to Puerto Rico's economic activity and long-term recovery. By reducing financing costs, the program aims to empower aspiring homeowners and foster stability within communities. According to Blanca Fernández, Executive Director of the PRHFA: "The HBA program has had an unprecedented impact on Puerto Rican homebuyers, addressing the needs of vulnerable populations, including young adults and the elderly, as well as our first response personnel who are heroes in our recovery efforts. They have chosen to stay on the Island, committed to providing their services, and are grateful for the program's assistance in acquiring safe and resilient homes for themselves and their families."

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Autoridad para el Financiamiento de la Vivienda de Puerto Rico, AFV

10 de abril a las 11:58 am · 🌐




El Programa Asistencia Directa al Comprador ofrece:

Hasta \$45,000
por hogar de ingresos bajos elegible

Hasta \$55,000
por hogar de necesidad urgente elegible con miembros del Personal Esencial de Recuperación

Hasta \$5,000
para hogares elegibles dentro de un centro urbano designado y certificado por Vivienda



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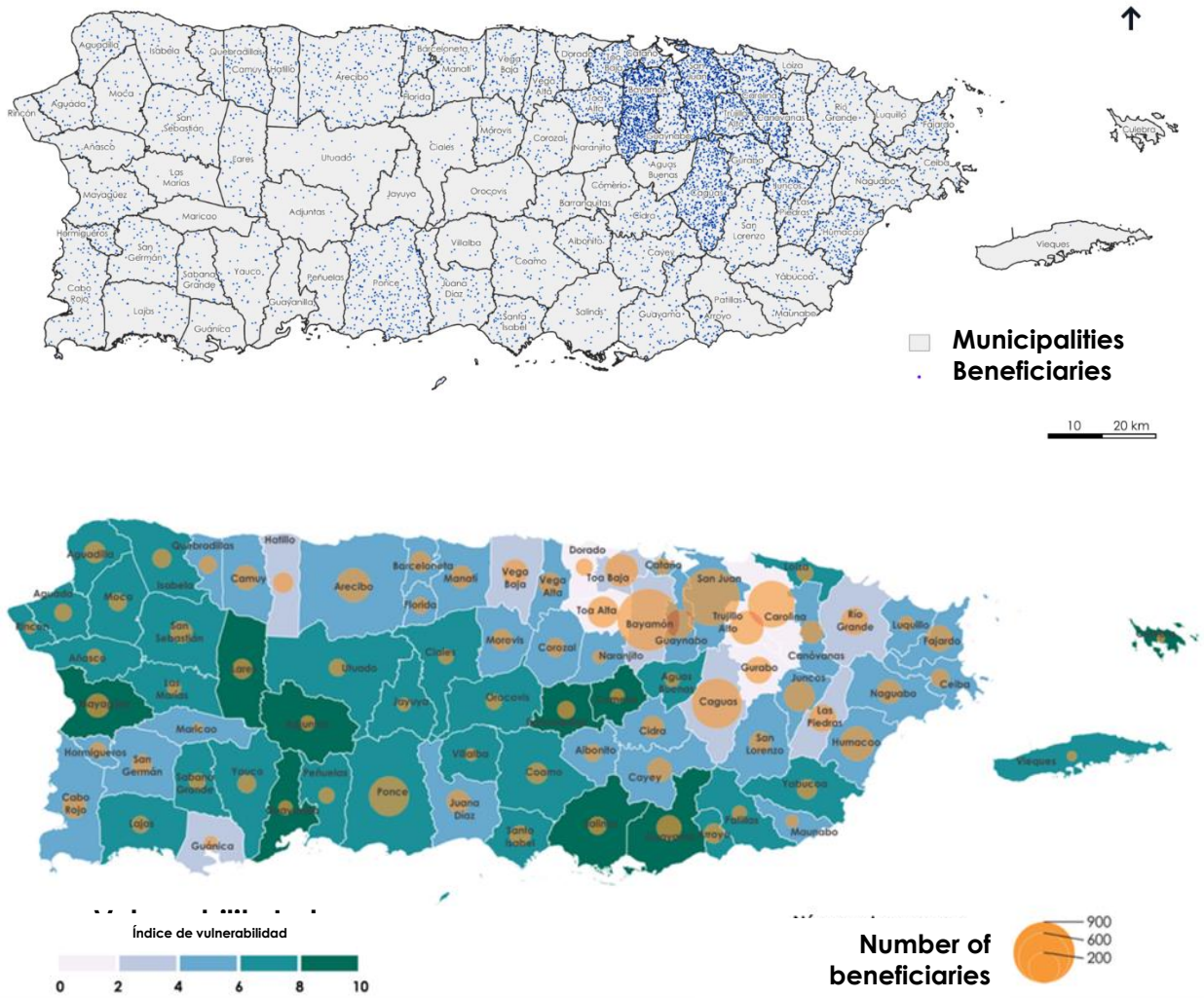


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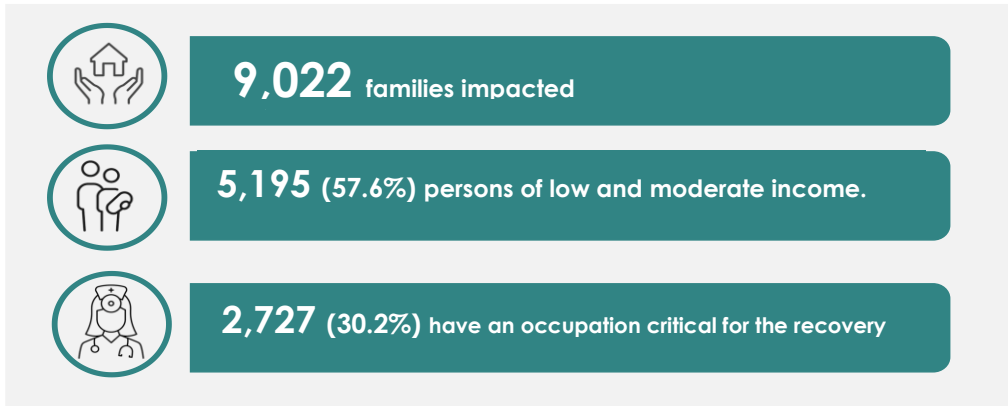
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BENEFITED HOUSEHOLDS BY MUNICIPALITY



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Population benefited by the HBA Program



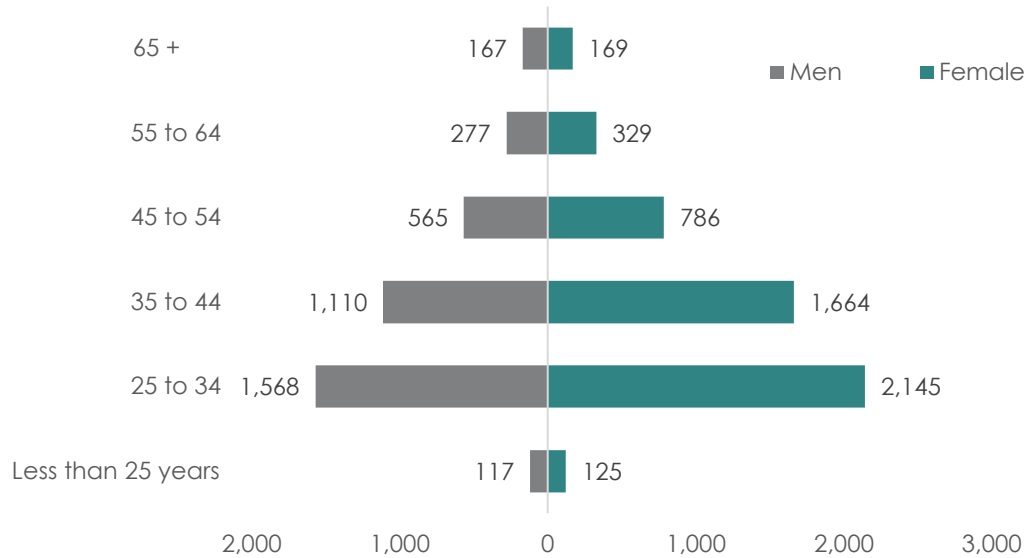
HBA Beneficiary Households with a Member in Critical Recovery Workforce Occupations (CRW)

Critical Recovery Workforce (CRW)	Number of Beneficiary Households with a Member in CRW	% of Total Beneficiaries
Healthcare Professionals	1,143	12.8%
Educators	934	10.3%
Emergency Medical Technicians	181	2.0%
Emergency Management	47	0.5%
Police and Security	308	3.4%
Other Critical Occupations	114	1.2%
Subtotal: Beneficiaries with a Member in CRW	2,727	30.2%
Plus: Other Beneficiaries	6,295	69.8%
Equal to: Total Beneficiaries	9,022	100.0%

Source: Information provided by the Housing Finance Authority (2023).

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Population Pyramid of Beneficiaries of the HBA Program



Source: Information provided by the Housing Finance Authority (2023).

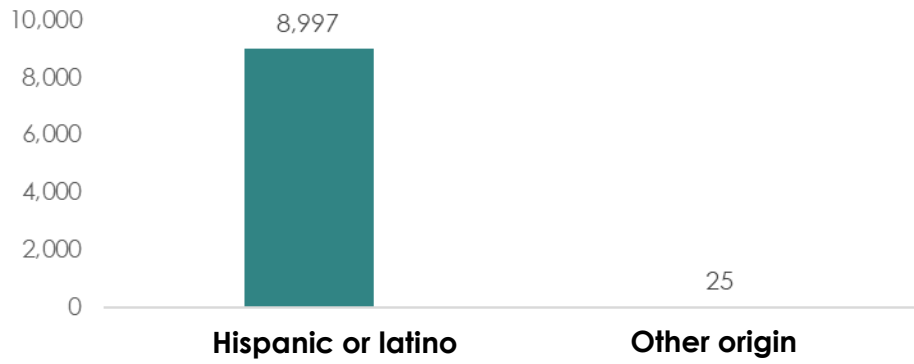
Distribution of HBA Program Beneficiaries and Headship Rate by Age

Age Group	Number of Beneficiaries	% of Total Program Beneficiaries	Headship Rate (Households per 1,000 Individuals in the Civilian Non-Institutional Population)
Under 25 years old	242	2.7%	55.1
25 to 44 years old	6,487	71.9%	372.8
45 to 64 years old	1,957	21.7%	533.1
65 years old or older	336	3.7%	629.5
Total	9,022	100%	445.6

Sources: Information provided by the Housing Finance Authority (2023). Department of Labor and Human Resources (2023). Employment and Unemployment 2022 (December). US Census Bureau (2023). 2022 American Community Survey 1-Year Estimates.

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HBA Program Beneficiaries, by Latino or Hispanic Origin



Source: Information provided by the Housing Finance Authority (2023).