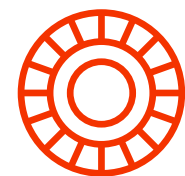


# HOMEOWNERSHIP, WITH STRINGS ATTACHED

*Thalia Giraldo*, Connecticut based  
researcher

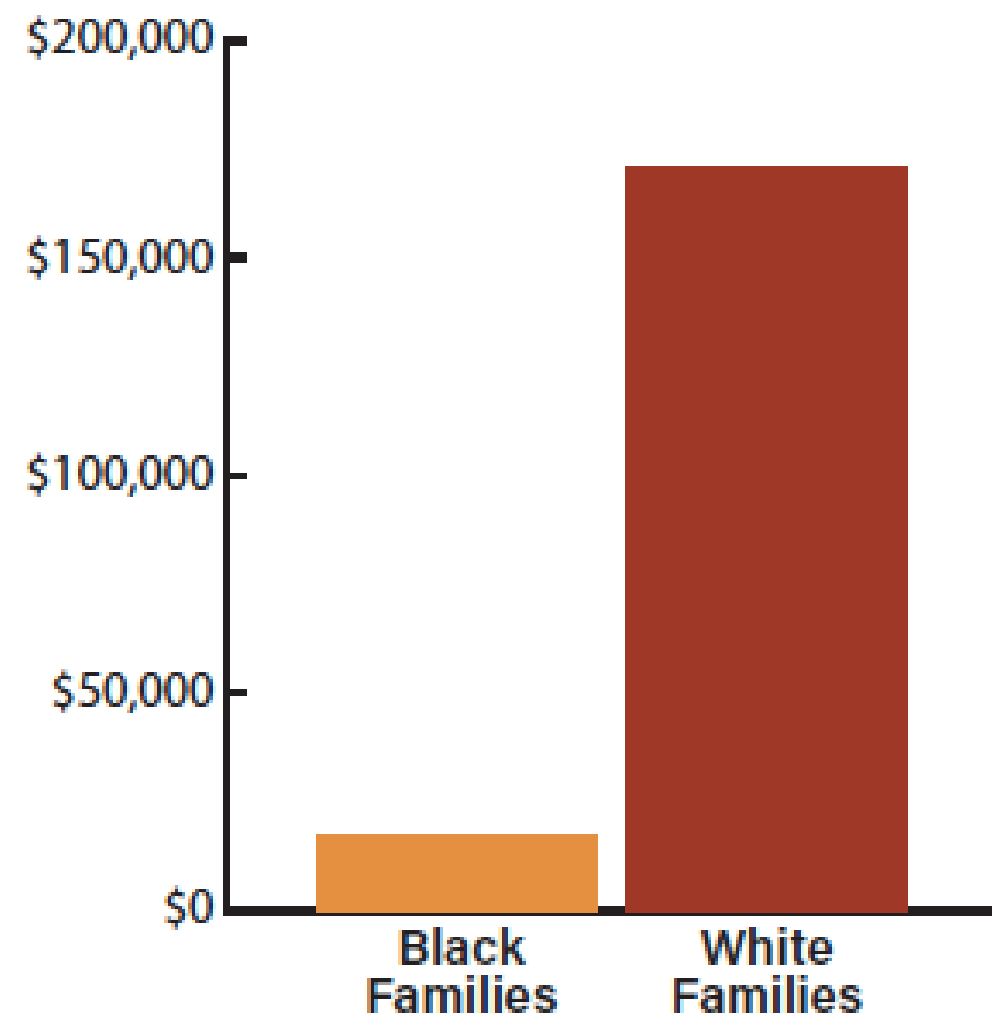


In collaboration with the Partnership  
for Strong Communities

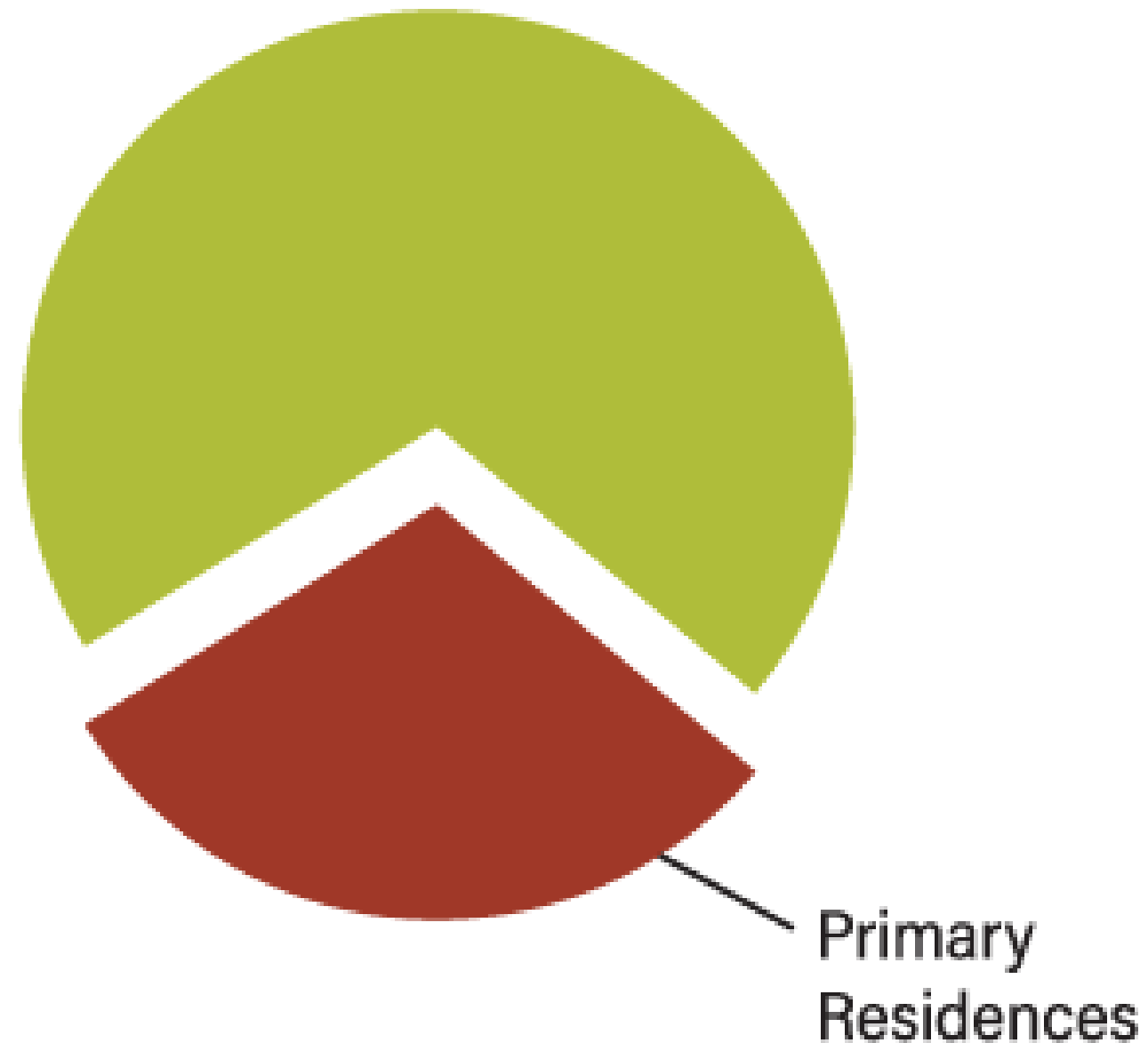
June 2022



The net worth of the typical black family (\$17,150) is only 10 percent of that of the typical white family (\$171,000).



Homeownership is a key to building wealth. Primary residences account for 30 percent of all household wealth in the United States.

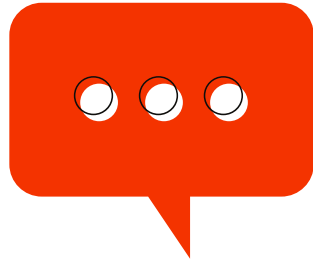


**41.8%**

Black families in America  
who own their homes

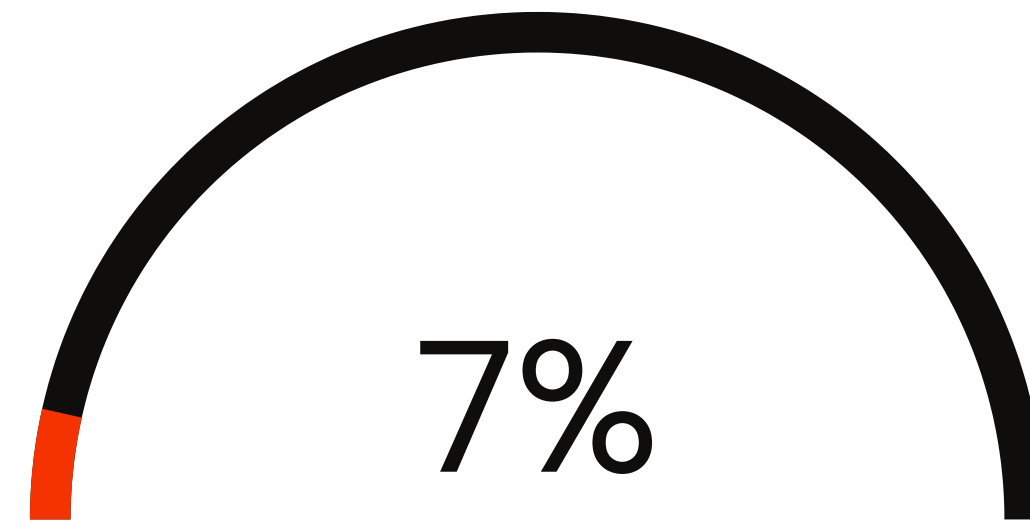
**71.9%**

White families in America  
who own their homes



## **What are homeownership assistance programs?**

- Run by federal state and local governments, non-profit organizations and large employers like colleges and hospitals
- Programs aim to remove major barriers for potential homebuyers who can make monthly payments, are financially stable but have not been able to save the minimum amount needed for a downpayment
- Saving for a downpayment is the biggest barrier for people trying to buy their first home + credit scores



**AVERAGE DOWNPAYMENT FOR FIRST TIME HOMEBUYERS**



## **State and local programs: LOANS**

May offer loans that cover partial or full amount of a downpayment. Downpayment is financed through a second mortgage, which users will pay interest on.

Example: Connecticut Housing Finance Authority  
Downpayment Assistant Program (DAP) Loan

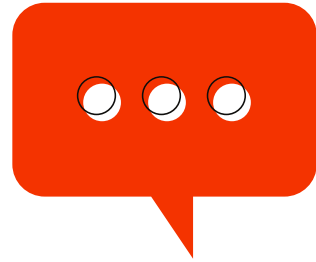
# **Downpayment Assistance**

## 1. State and local programs: **GRANTS**

- Money that does not need to be paid back
- May require homebuyer to purchase homes in designated areas
- May require homebuyer to stay employed at the institution for a minimum number of years
- Owner occupy the home for a minimum number of years

# Downpayment Assistance





**What are the strings-attached?**

- Low to moderate income people will spend more to own their home in comparison to wealthier individuals
- They are still not able to compete with wealthier individuals
- Sellers and agents look less favorably on people using assistance programs like FHA loans, loans, grants, etc because the process to close can be longer

# EXERCISE: BUYING A \$200,000 HOME

## With and without homeownership assistance programs (HAP)

	Without HAP	With HAP
LOAN AMOUNT	\$160,000	\$175,000 (15K of their own money, 10K with a HAP)
INTEREST RATE	4%	5%
PRIVATE MORTGAGE INSURANCE (PMI)	0	.8% = \$116/ m
PMI UPFRONT RATE	0	1.75% = \$3,062.5
INTEREST AND FEES	\$114,991.21	<b>181,149.77</b>
MONTHLY COST	\$763	<b>\$1227.04</b>
PROGRAM REQUIREMENTS	NONE	MUST STAY EMPLOYED AT INSTITUTION FOR AT LEAST 5 YEARS + BUY IN DESIGNATED AREA





# Building a More Equitable Homebuying System

## A FRAMEWORK FOR EQUITABLE HOMEOWNERSHIP PROGRAMS

As lawmakers develop legislation on homeownership assistance, below are four questions they should consider:

1. Does the policy or program penalize low-to-moderate income people by charging them a fee or adding an unnecessary requirement in order to use program benefits?
2. Does the policy or program add to the users' monthly expenses, making their monthly mortgage more expensive/ less affordable?
3. Does the policy or program restrict the users' ability to choose where to live and where to work in a way that may hinder them from pursuing better opportunities that can lead them to financial stability?
4. Does the policy or program work to correct or undo the historical effects of systemic racism?

**THANK YOU!**

## Contact Info

EMAIL

thaliakgiraldo@gmail.com



@Thalia Giraldo

---