



Weathering the Storm

Have IDAs Helped Low-Income Homebuyers Avoid Foreclosure?

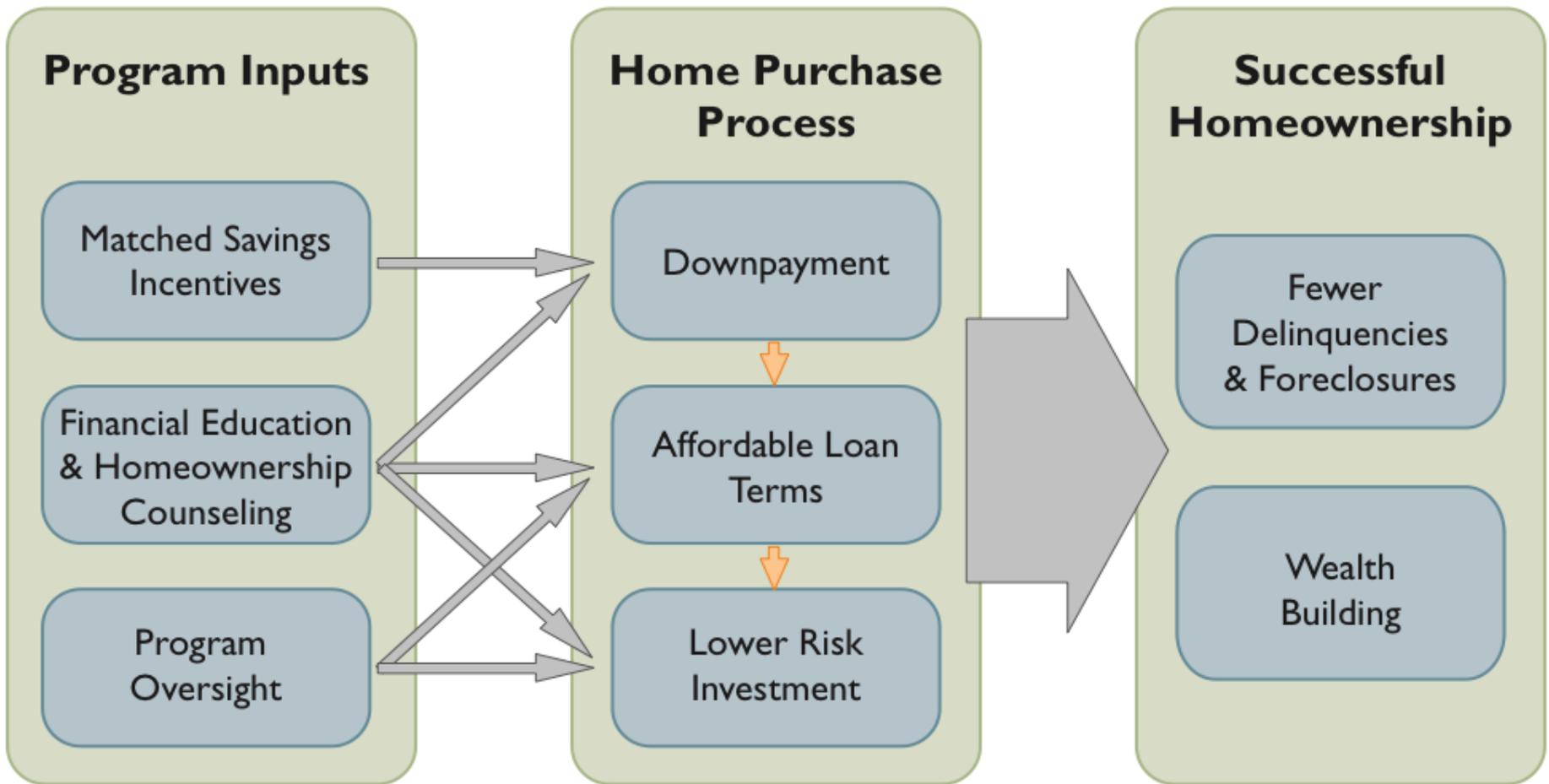
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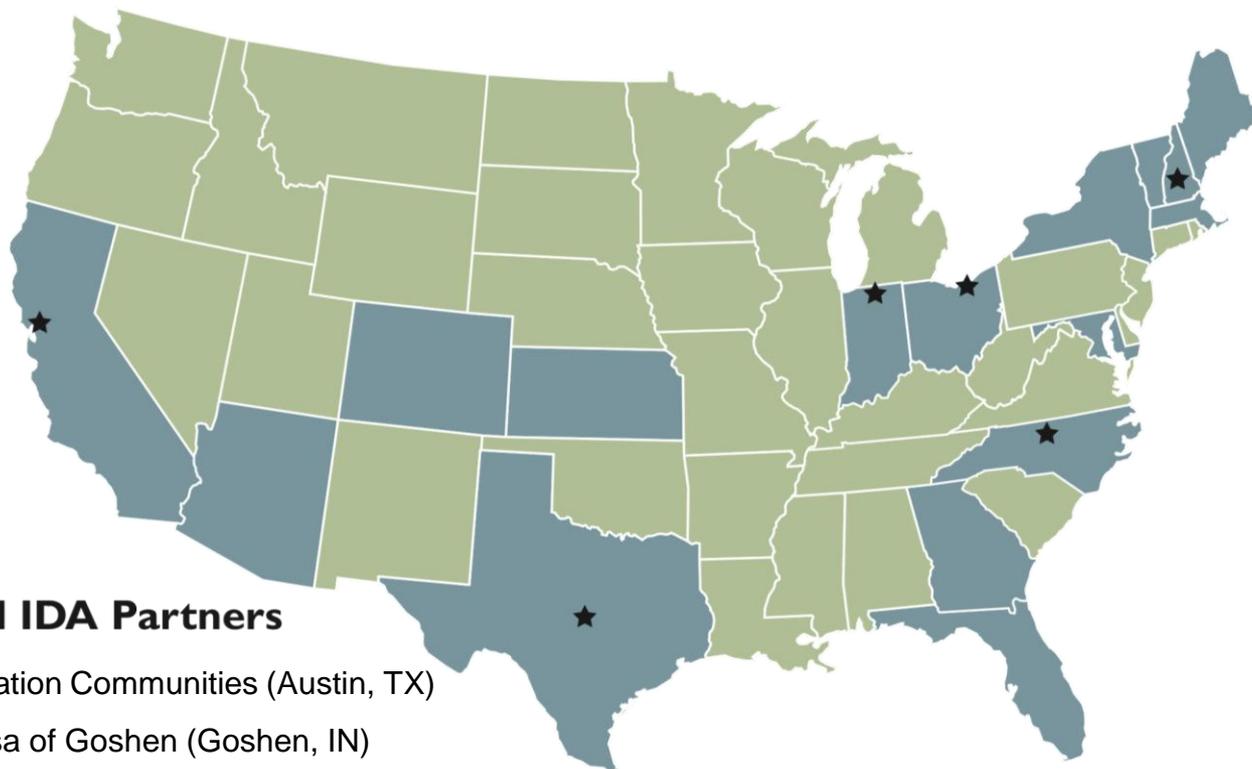
Figure 1: How IDA Programs Can Affect Homeownership Outcomes



Research Questions

- What are the economic and demographic characteristics of IDA homebuyers? In what ways are they similar to and different from other low-income homebuyers?
- What loan terms do IDA participants receive? How do these compare with loan terms for other low-income homebuyers?
- What are foreclosure rates among IDA homebuyers? How do these compare with foreclosure rates among other low- and moderate-income homebuyers?

IDA Research Partners



★ Local IDA Partners

Foundation Communities (Austin, TX)

La Casa of Goshen (Goshen, IN)

New Century IDA Program (Winston-Salem, NC)

New Hampshire Community Loan Fund (Concord, NH)

Opportunity Fund (San Jose, CA)

WECO Fund (Cleveland, OH)

States included in the sample

Data: IDA Homebuyers

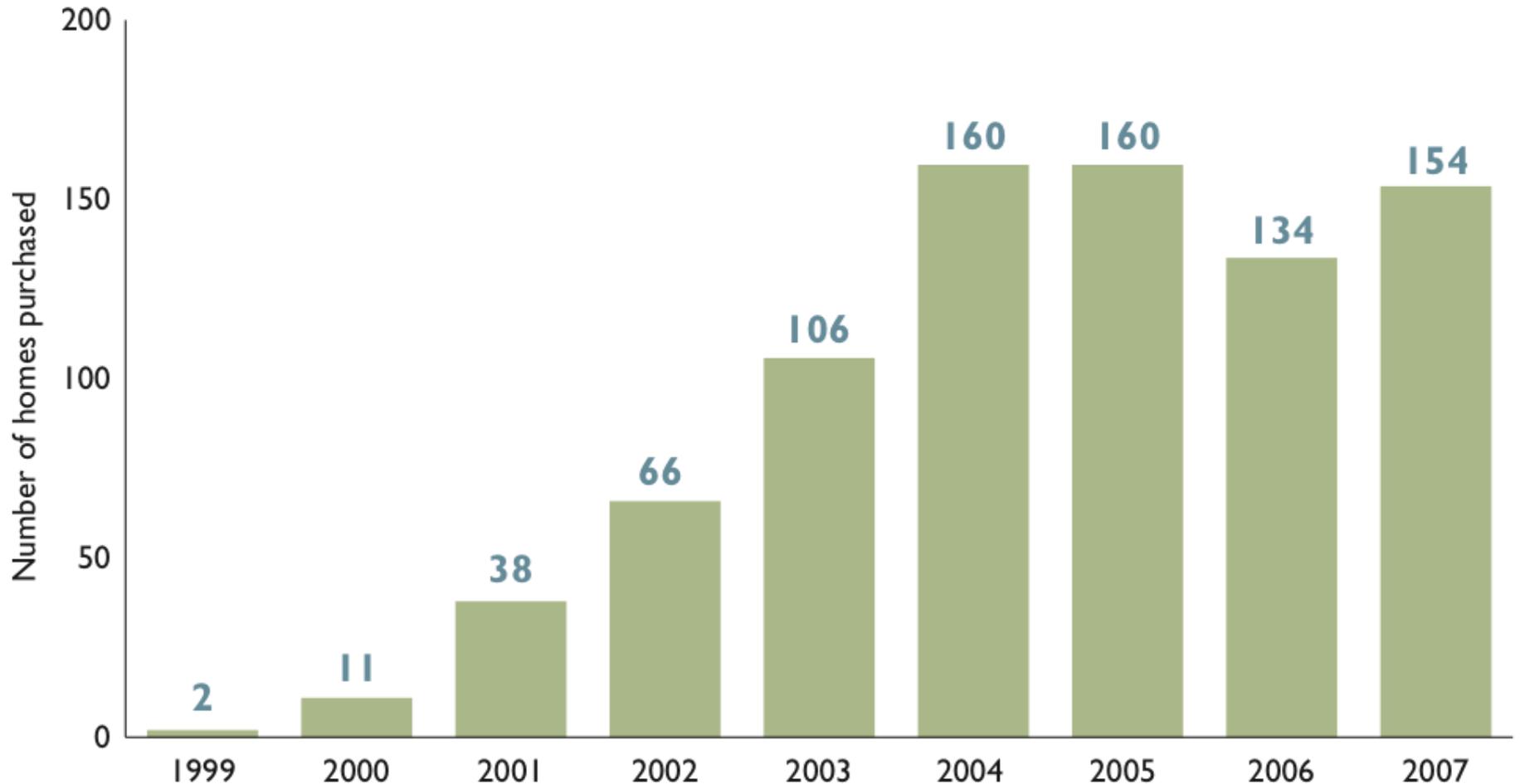
Administrative data from IDA programs

- Purchase date and address
 - Homebuyers purchased homes from 1999 to 2007
 - Homes purchased in 17 states (64 counties)
- Demographic characteristics, income, loan type, and loan terms

County property records

- Homeowner status in 2009 based on on-line property searches (e.g., default, foreclosure, sold, still own)

Number of Homes Purchased by IDA Homebuyers, by Year



Comparison Group Data: HMDA

Home Mortgage Disclosure Act (HMDA) data

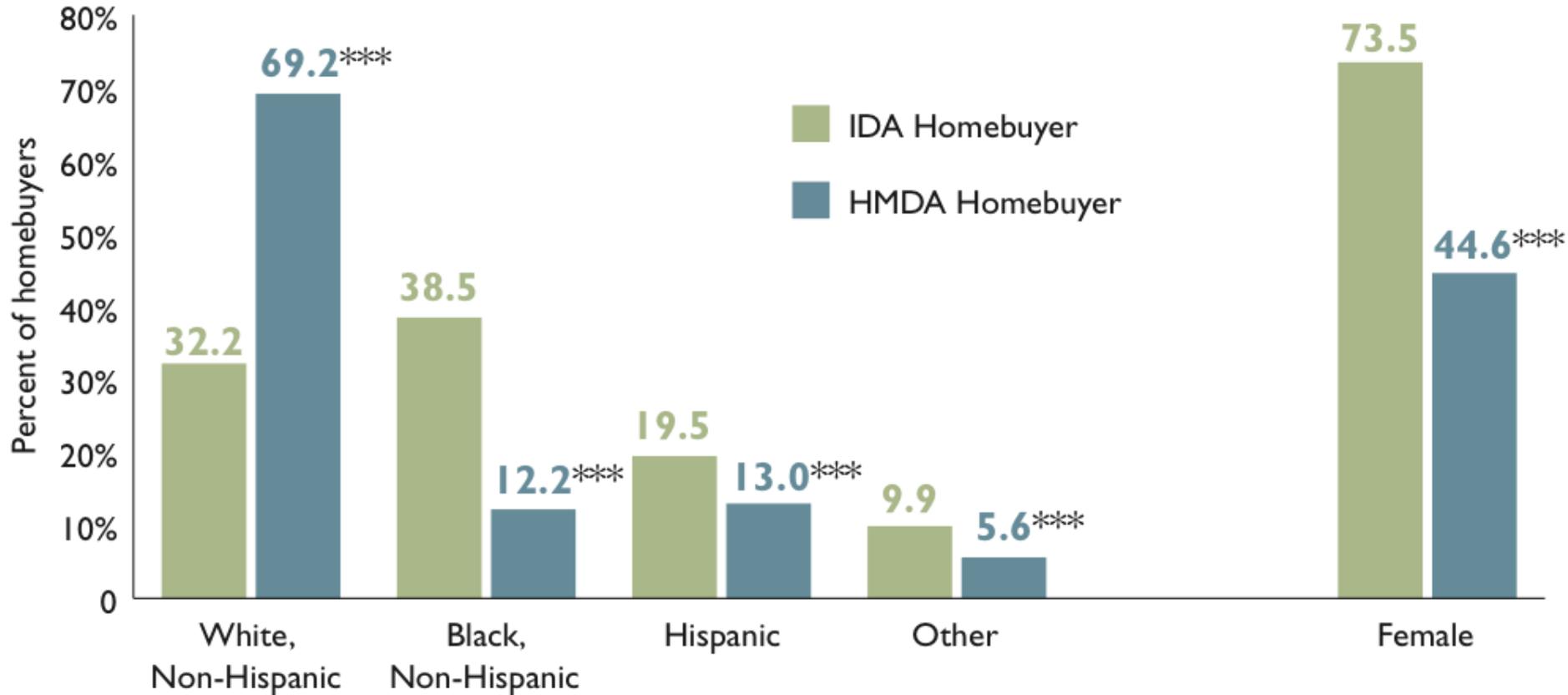
- Demographics characteristic (e.g., race/ethnicity, gender), income, loan type, and loan terms
 - HMDA has a “high interest rate” indicator—more than 3 points above prime (2004-2007).
 - HUD subprime list traditionally used to identify loans from banks with disproportionate shares of subprime loans (1999-2007)
- Selection of HMDA Records
 - Incomes up to 250 percent of Federal poverty threshold.
 - In each year, kept only those counties present in the IDA data
- Use weights to adjust for the proportional representation of each county-year combination in the IDA sample

Comparison Group Data: Foreclosures

Mortgage Performance Data

- Loan & property characteristics as well as borrower characteristics
- Selection of mortgage performance records
 - 3 comparison groups based on loan size and low-income proxy
 - In each year, kept only those counties present in the IDA data.
- Use weights to adjust for the proportional representation of each county-year combination in the IDA sample.

What are the demographic characteristics of IDA homebuyers and how do they compare to other low-income homebuyers?



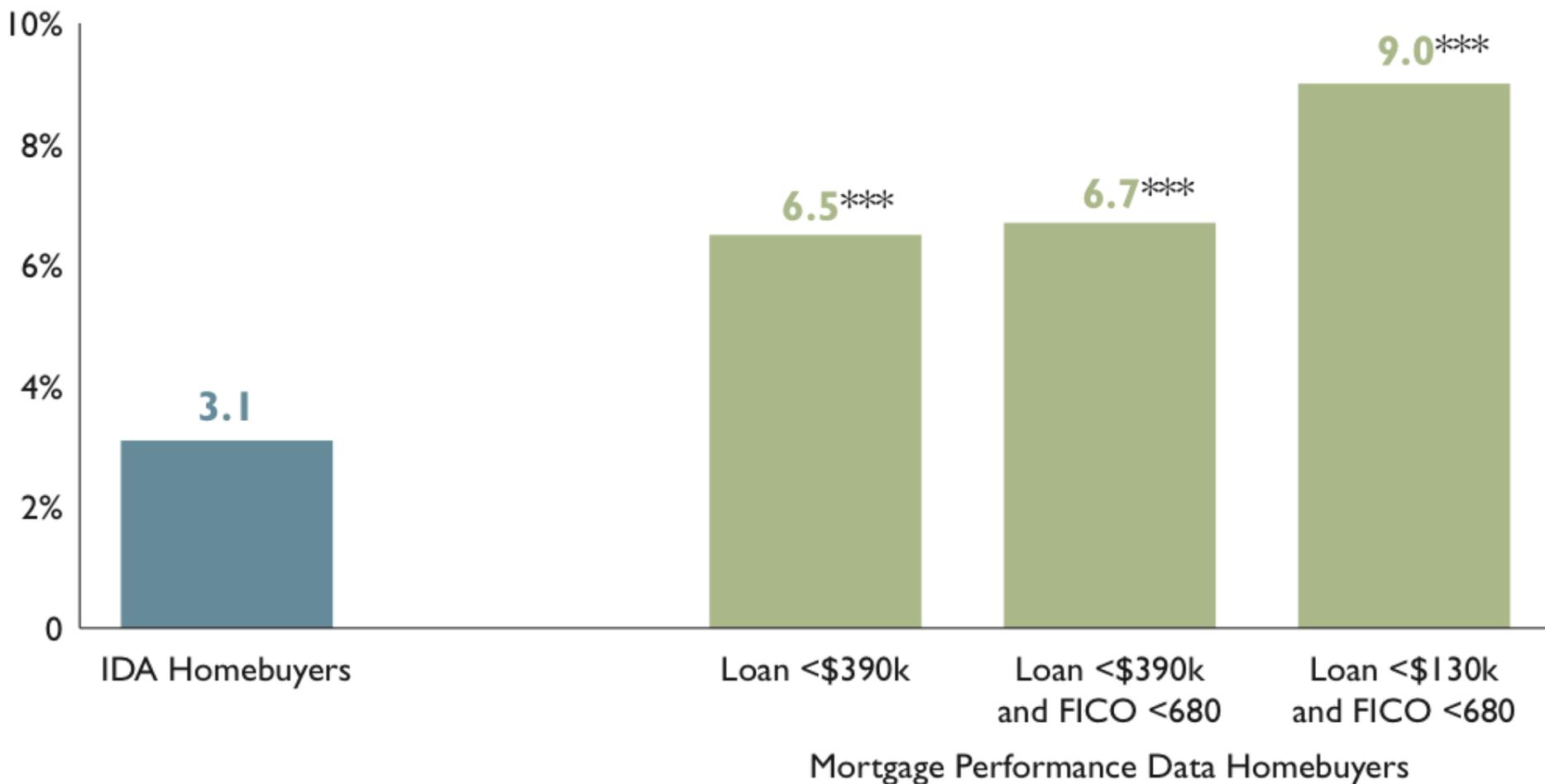
What loan terms do IDA homebuyers receive and how do they compare with other low-income homebuyers?

	IDA Homebuyers	HMDA Homebuyers
Loan Amount		
Median Amount	\$92,250	\$94,000
Loan Type		
Conventional	59.8	84.7***
FHA Insured	29.8	13.5***
VA guaranteed	0.9	1.4***
USDA (FSA/RHS)	9.6	0.4***
Loan Characteristics		
High Interest Rate	1.5	19.6***
Subprime	0.2	9.3***

IDA Homebuyer Property Search Results

	IDA Homebuyers
Still in Home	92.7%
Sold Home	3.1%
Notice of Default	0.5%
Sold Home after Default	0.1%
Entered Foreclosure	3.1%
Other	0.4%

What are foreclosure rates among IDA homebuyers and how do they compare with other low-income homebuyers?



Summary

Large differences between our groups of homebuyers suggest:

- IDA programs expand homeownership opportunities to minorities and women.
- IDAs help participants obtain better loan terms and help them avoid foreclosure.

Research Implications

- Disaggregated effects of different parts of IDA treatment on outcomes.
- Build capacity of IDA organizations to collect, track key data that helps them study long-term asset retention outcomes
- Additional research needed to look beyond retention to wealth building effects (home equity, etc).
- Additional research regarding long term outcomes with regard to other asset categories – small business, post-secondary education
- Improve and expand access to national and proprietary datasets on net worth (debt and asset ownership), foreclosure, business ownership and equity.

For More Information

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