



HOMEWISE IMPACT REPORT: QUANTIFYING OUR COMMUNITY BENEFITS

OCT 2024



homewise®

Homewise regularly measures the impact of its work on the broader community with a variety of metrics, or Impact Measures, designed to capture each step in the Path to Homeownership and each component of our comprehensive, integrated business model.

I. HOMEBUYER PREPARATION

Homebuyer preparation is the process by which clients become ready to qualify for a prime mortgage. Most Homewise clients are first-time homebuyers with modest income and relatively limited savings. Homebuyer preparation entails working with a Homewise Home Purchase Advisor (HPA) to reduce monthly debt obligations, grow savings and build credit. The impact of these efforts is measured annually for all clients who worked with an HPA and become “buyer ready” during the year.

Primary impact measures for Homebuyer Preparation include:

1. Number of clients who worked with an HPA and became ‘buyer ready.’

In Homewise fiscal year 2024 (FY 24), **766** Homewise clients worked with an HPA and became buyer ready.

2. Average change in credit score

Many prospective homebuyers start the path to homeownership with poor credit or no credit at all. Homewise tracks the average change in credit score for applicants and co-applicants who started on their path to homeownership with established credit and a credit score below 640 and became buyer-ready during the fiscal year.

In FY 24, the average change in credit score for these applicants and co-applicants was an addition of **79** points.

Additionally, 29 applicants and 15 co-applicants who became buyer ready in FY 24 established credit for the first time while on their path to homeownership. Homewise clients who established credit and became buyer ready in 2024 had an average credit score of **739**.

3. Median change in savings

Lack of savings for a downpayment is a primary barrier to homeownership for low- and moderate-income households. It is also a matter of racial equity. Seventy percent of Homewise homebuyers are Hispanic and/or racial minorities. In the U.S., non-white households have one-sixth the median savings of white households.¹ Helping clients save for a downpayment is therefore an important part of becoming buyer ready, and critical to helping to close the racial wealth gap through homeownership. One-quarter of clients who ultimately qualify for a Homewise mortgage start the process with less than \$5,000 in savings. This measure is based on the experiences of these ‘low wealth’ clients.

The median change in total savings is calculated for households that started their path to homeownership with less than \$5,000 saved and became buyer ready.

In FY 2024, the median savings of Homewise clients that had less than \$5,000 saved at intake and became buyer ready increased by **\$3,400**.

¹ The Fed - Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances ([federalreserve.gov](https://www.federalreserve.gov))

4. Average change in monthly debt obligations

A mortgage applicant's ratio of debt to income (DTI) determines the type of mortgage they qualify for and how much house they can afford to buy. Monthly debt payments that consume a large share of pre-tax monthly income are potent barriers to homeownership for many low- and moderate-income households. Generally, households with DTI of less than 43 percent can qualify for a prime mortgage. Homewise HPAs work with clients to reduce their monthly debt load. The average change in monthly debt obligations is measured for households that embarked on the path to homeownership with DTI of 10 percent or more. It is calculated as monthly debt measured at intake minus monthly debt at the time a household became buyer ready.

In FY 2024, Homewise clients that had DTI above 10 percent at intake and became buyer ready reduced their monthly debt payments by an average of **\$262**.

II. HOMEOWNERSHIP

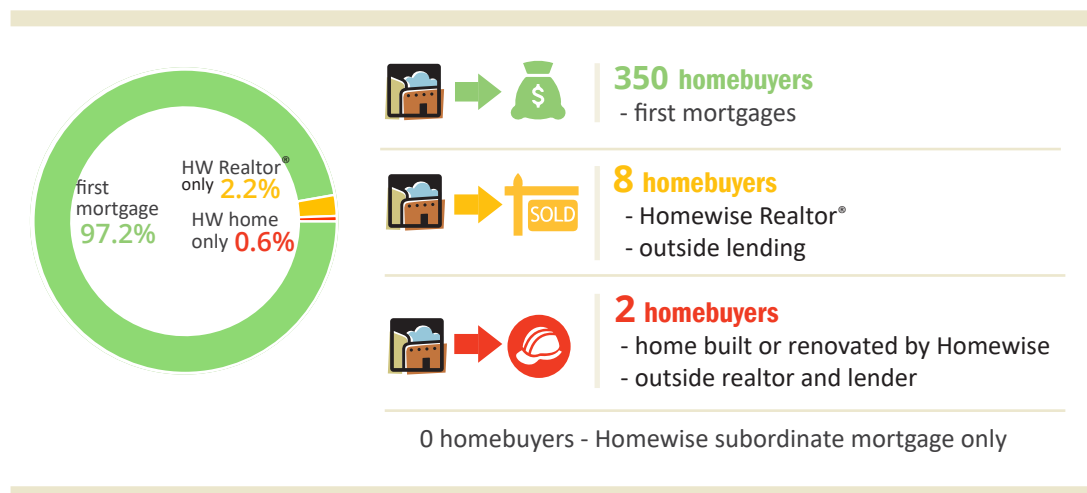
1. Homeowners Created

The mission of Homewise is to improve the well-being of individuals, families and communities through homeownership, thus the number of homeowners created is the single best measure of our impact. Originating high quality, affordable mortgages is the primary means by which we advance homeownership, but each component of our business model, which also includes real estate services and housing development, contributes to the creation of homeowners. We measure homeowners created by summing:

1. First mortgages originated by Homewise
2. Home purchases using a Homewise Realtor® and outside lending
3. Purchase of a home constructed or rehabilitated by Homewise using an outside realtor and outside lending
4. Subordinate mortgage originated by Homewise for a home purchase financed with an outside first mortgage and a non-Homewise realtor.

In FY 24, Homewise created **360** new homeowners (**Figure 1**).

Figure 1. Homewise homeowners created in FY 2024



2. Downpayment Assistance

Downpayment assistance (DPA) bridges the gap between the amount a family can save and the amount they need to buy a home. It can also reduce the amount a family needs to borrow, making homeownership possible even when interest rates are high. DPA is typically administered as a deferred, non-amortizing loan that is only becomes payable if the house ceases to be the owners' primary residence or is sold.

Homewise accesses downpayment assistance from a variety of state, federal, local and philanthropic sources and often 'stacks' assistance from multiple sources to make homeownership affordable for clients.

In 2024, one-in-three Homewise homebuyers received DPA. Homewise distributed over \$8.6 million in DPA to qualifying borrowers, but with ever-higher housing costs, the need for DPA still far exceeds the funds available.

III. WEALTH CREATION

Homeownership is the primary means by which low-and middle-income Americans build wealth. Homeownership builds wealth through the accrual of equity. Equity is accrued through the pay-down of mortgage principal and real estate market appreciation.

Homewise estimates wealth created by homebuyers who financed their home purchase through Homewise by combining market-level data derived from our loan originations (median contract purchase price, median total loan amount, and median effective interest rates) and market appreciation data from local realtors' associations (Greater Albuquerque Association of Realtors and Santa Fe Association of Realtors).

Homewise reports the average amount of equity accrued by Homewise homebuyers for a given market and reference year. Estimates are for homebuyers that remained in the home between the reference year and the measurement year.

Because equity appreciation rates are regional, we use a weighted average of Santa Fe, Albuquerque and Rio Rancho as our statewide estimate of homebuyer equity accrual.

The average amount of equity accrued as of 3/31/24 (the end of Homewise fiscal year 2024) per homeowner that purchased in 2018 was **\$171,206** and ranged from **\$114,519** for homebuyers in Albuquerque to **\$209,733** for homebuyers in Santa Fe.



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Homewise is a New Mexico based nonprofit organization that helps people achieve financial stability through affordable and sustainable homeownership. We offer a comprehensive suite of homeownership services that includes financial education and coaching, real estate services, affordable mortgage lending and down payment assistance, loan servicing, refinance and home improvement lending.