



APPLIED ECONOMICS

**IMPACTS TO THE ECONOMY
AND HOMEBUYER WEALTH FROM
THE HOME IN FIVE ADVANTAGE PROGRAM**

PREPARED FOR:

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Executive Summary

This year marks the fifth anniversary of the Home in Five Advantage program, which has provided assistance to 16,808 homebuyers in Maricopa county with \$126.0 million in assistance on loans valued at \$3.03 billion. The program has created a total economic impact of \$519.8 million across Phoenix and Maricopa county since its inception, as well as providing for wealth accumulation of \$419.6 million for homebuyers in the program.

The Maricopa and Phoenix IDAs established the Home in Five Advantage Program in 2012 to provide down payment assistance to low- and moderate-income individuals and families to purchase new or existing homes. Homebuyers can qualify for down payment/closing cost assistance of up to 3 percent of the loan amount. An additional 1 percent is also available to K-12 teachers, first responders, U.S. military personnel, veterans and income-qualified borrowers.

This analysis looks at the economic and social benefits of the Home in Five Advantage program based on fees generated, increases in consumer spending from the reduced housing costs of mortgage payments compared to renting, and wealth accumulation for homebuyers.

- **Economic Impacts from Real Estate Activity.** Home in Five loans created an economic impact of \$400.0 million on the county's economy over the past five years, supporting close to 2,900 direct and indirect jobs, through fees charged by lenders at loan closing and fees earned by realtors. The fees generated by these loans are estimated at \$217.7 million over five years and form the basis for estimating the economic impacts to the real estate and finance industry. These fees support jobs and revenues at mortgage lenders, title companies, real estate offices and a variety of other service providers that are involved in selling a home and originating a loan.
- **Consumer Spending Impacts.** The Home in Five Advantage program also creates economic impacts by increasing new homeowners' consumer spending. During the 2012 to 2017 period, rents on single family homes often exceeded the amount of the monthly mortgage payment on an equivalently priced home. Program participants who were able to become owners rather than renters were often able to increase their monthly spendable income for non-housing expenditures. The total cumulative increase in consumer spending by program participants is estimated at \$72.9 million over the five-year period. This spending created an economic impact of \$119.8 million on the retail and service industry in Maricopa county.
- **Benefits to Homebuyers and Communities.** By supporting home ownership for families that would not have otherwise been able to purchase a home, the program provides direct economic benefits to homebuyers and supports a number of social benefits that stem from increased home ownership rates. Participants in the Home in Five Program received the financial benefits of the down payment assistance: wealth accumulation totaling \$419.6 million over five years for the 16,808 program participants through principal repayment and appreciation, as well as potential reductions in monthly housing costs. The Home in Five Advantage program helped support the increase in the share of homes purchased as primary residences, versus homes purchased by

investors as rentals. The increased stability associated with homeownership and the personal investment homebuyers make in the community lead to positive social outcomes such as reduced crime rates, more stable home environments for children and increased civic engagement.

[Read the full report](#)