The HUD First-Time Homebuyer Education & Counseling Demonstration: Short-Term Impacts

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The intervention:
- Homebuyer education is training on buying a home and financial management;
- Homebuyer counseling is one-on-one guidance tailored to the particular needs of the individual homebuyer.

Research question: What are the impacts of homebuyer education and counseling on prospective first-time homebuyers?

Outcome domains:
- Homeownership preparedness and search
- Financial capability
- Sustainable homeownership
Study Design

- Between September 2013 and February 2016, national lenders helped recruit prospective first-time homebuyers into the study.

- 5,854 eligible study participants from 28 metropolitan areas were randomized into three groups:
Some **favorable** impacts on preparedness and search, financial knowledge, and financial behaviors:

- Improved ability to find needed information (ES=0.15***)
- Higher satisfaction with homebuying process (ES=0.09**)
- More likely to seek assistance in times of financial distress (ES=0.17***)
- More likely to set up auto-deduction for mortgage payments (ES=0.15***)

Some **unexpected** impacts on financial indicators:

- Higher levels of nonhousing debt (ES=0.03*)
- More likely to report difficulty covering all bills (ES=0.11**)

No detected impact on **60-day mortgage delinquency rate** (too early)

Neither delivery mode (in-person or remote) consistently “outperformed” the other.

Confirmatory outcome in bold. ES = Effect Size. Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Study Reports

- Long-Term Impact Report (in progress)
- Published reports:
  - Baseline Report (2017)
  - Short-Term Impact Report (2019)

Study reports available here:
https://www.huduser.gov/portal/hud_firsttime_hmbyr_study.html

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