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PERMANENT COMMISSION ON THE STATUS OF WOMEN

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Written Testimony of The Permanent Commission on the Status of Women Before the Banks Committee Thursday, February 21, 2008

**Re: S.B. 21, AAC Mortgage Lending
H.B. 5165, AAC the Emergency Mortgage Assistance Program**

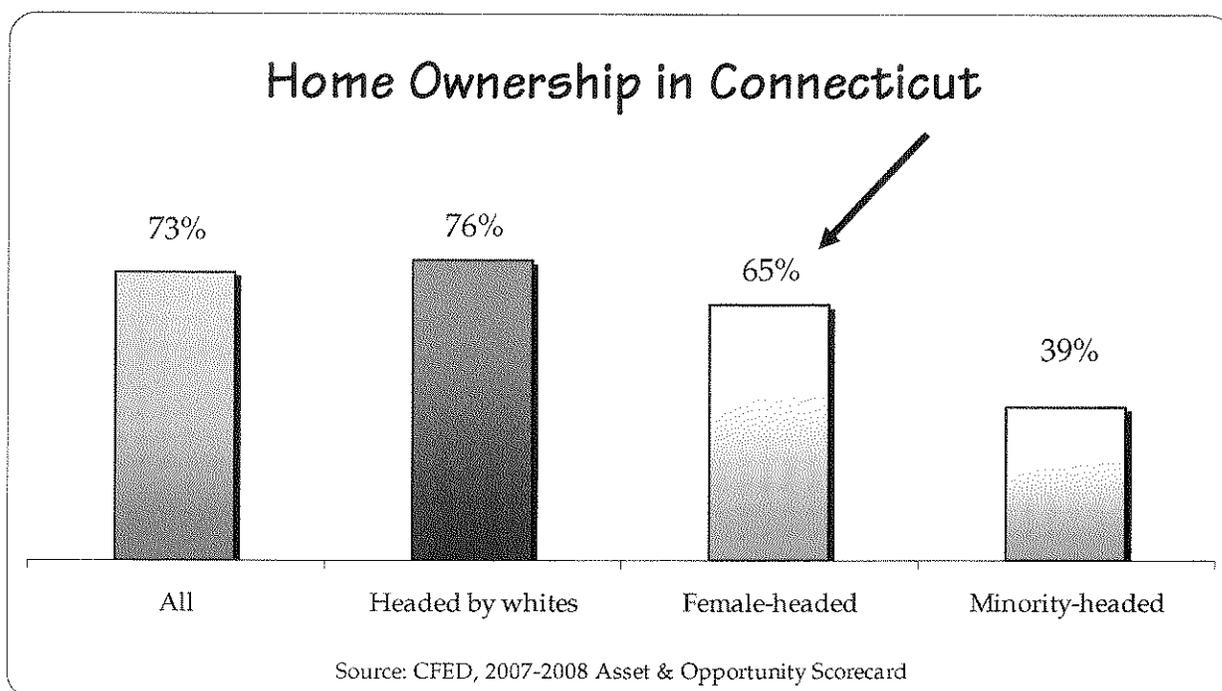
Senator Duff, Representative Barry and members of the committee, thank you for this opportunity to provide written testimony on the above referenced bills on behalf of the Permanent Commission on the Status of Women (PCSW) and its Young Women's Leadership Program (YWLP), which represents women ages 18 to 35. PCSW and YWLP support the concepts in S.B. 21 and H.B. 5165, which would provide emergency mortgage assistance and provide certain other protections to homeowners.

PCSW is addressing this issue because women have become a key component in the real estate market. For women, the impact of problems in the lending industry crosses age, class, and racial lines as well as neighborhoods. According to both the Consumer Federation of America and the National Community Reinvestment Coalition, women borrowers are overrepresented in the sub prime lending market. Across the economic spectrum, women receive less favorable terms than similarly situated men on home purchase, refinance, and home improvement loans.

Homeownership is a significant issue in retaining or attracting young people in the state of Connecticut. Connecticut has lost more 20-34 year olds since 1990 than any other state, in large part due to the high cost of housing.¹ The shrinking labor pool of young professionals and families will deter business from coming, staying or expanding in the state. Young women are particularly vulnerable to

¹ HomeConnecticut.org.

the sub prime mortgage crisis because the average age of first time homebuyers is 32². Consumers in their 20s are growing more and more likely to purchase property at a younger age than their older brothers and sisters - as well as their baby boomer parents - had been. These individuals are not necessarily waiting for marriage or even a long-term relationship before becoming homeowners³. Single females represent the fastest growing segment of the home buyers market. The proportion of single women buying homes has increased, from 14% in 1995 to 21% while the single men make up 9% of buyers.⁴



There were 7,747 foreclosure filings in Connecticut in the 3rd quarter of 2007 – this is a 920% increase over the 3rd quarter of 2006.⁵ In addition to the impact that foreclosures have on family and community stability, a single foreclosure can have a cumulative negative effect on neighboring property values reducing them by as much as \$100,000.⁶

Homeownership is particularly significant as nearly one in five Connecticut households do not have enough income to meet their basic costs of living based upon the **family economic self-sufficiency standard (FESS)**.⁷

² <http://www.cbsnews.com/stories/2006/01/19/earlyshow/contributors/ramartin/main1220382.shtml>

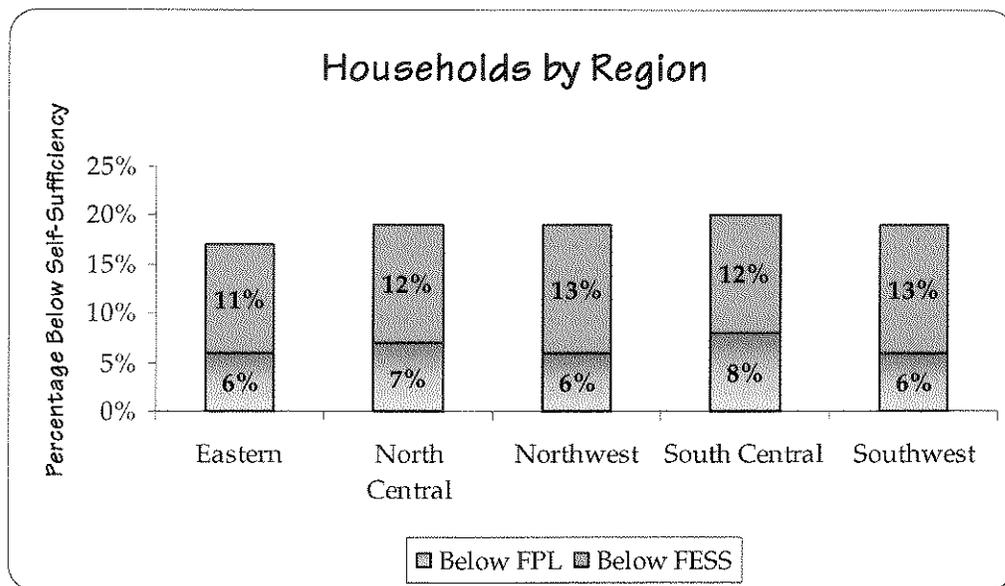
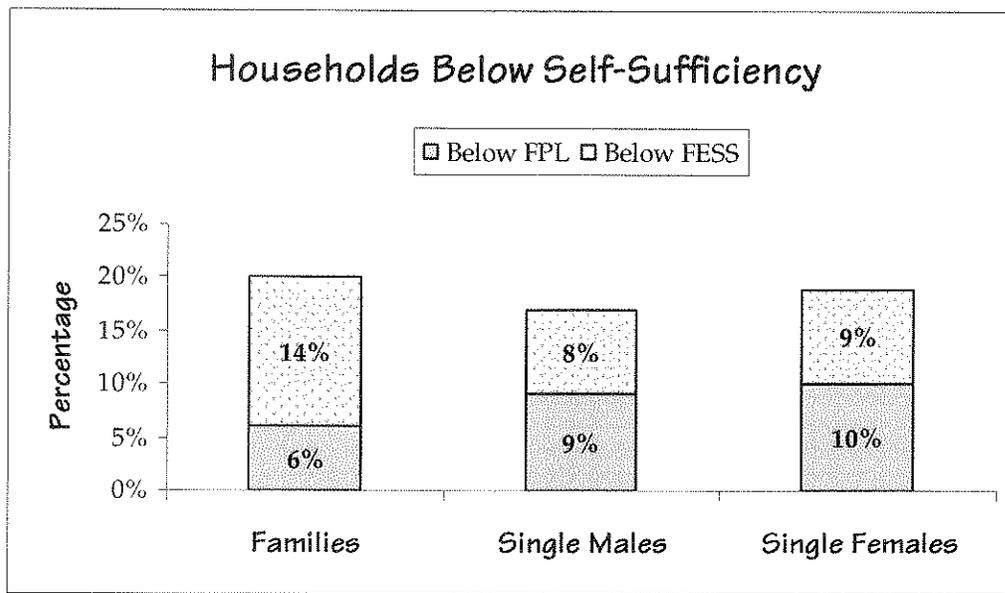
³ <http://www.floridahomeloan.com/2006/09/younger-first-time-home-buyers-enter.html>

⁴ <http://www.realtor.org/rmodaily.nsf/0/ec9b3798c397dc42862571ea00594a7c?OpenDocument>

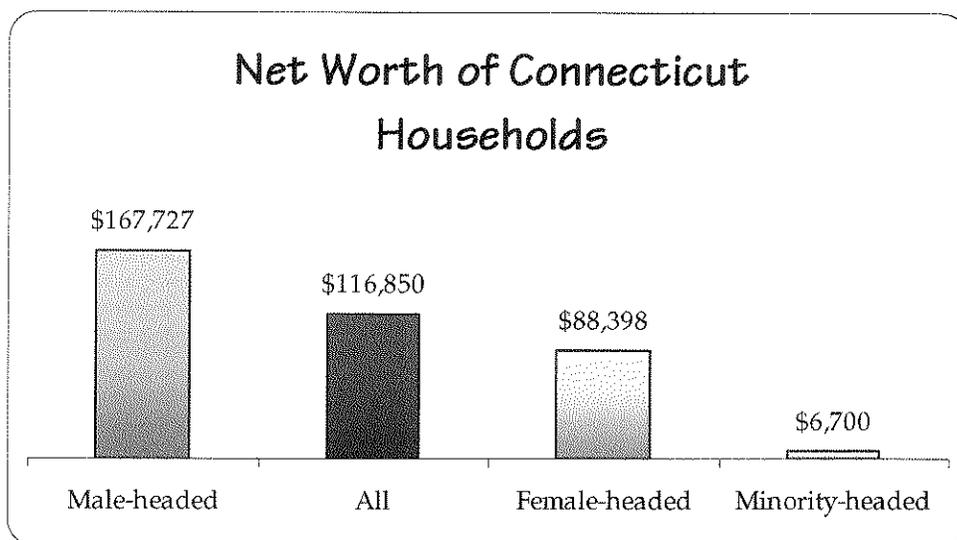
⁵ Realtytrac.com. Provided by the CT Fair Housing Center, 2008.

⁶ William C. Aggar and Mark Duda, *Collateral Damage: The Municipal Impact of Today's Mortgage Foreclosure Boom*, (Homeownership Preservation Foundation, May 11, 2005) at 23. Provided by the CT Fair Housing Center, 2008.

⁷ Diana M. Pearce, Ph.D. *Overlooked and Undercounted: Where Connecticut Stands*. Prepared for the Permanent Commission on the Status of Women, June 2007 – also source for self-sufficiency charts.



The combined effect of lack of self-sufficiency and lack of homeownership is particularly important as many Connecticut households do not have assets; and therefore do not have resources to rely on during hard times.



In addition to the proposals in the bills before you today, the PCSW has researched and developed the following recommendations to improve the economic situation of Connecticut families:

- Expand financial literacy programs for low- and moderate-income households
- Create incentives to save and improve access to mainstream financial services
- Improve affordability and equity of mortgage and insurance products

We look forward to working with you to address these important issues. Thank you for your consideration.