

TESTIMONY TO BE READ ON BEHALF OF THE IDA PROGRAM

Gary A. Evans, Director of Housing and Community Development, Co-opportunity, Inc here in Hartford, CT. Co-opportunity is a HUD approved not-for profit housing counseling agency.

Co-opportunity counsels and maintains over 100 IDA clients, 20 of them that are associated with the State Housing Trust Fund through the DOL. We have been successful in assisting more than 20 clients achieve homeownership and self-sufficiency through the IDA program. Due to the extensive counseling required for IDA participants, less than 1% of these clients ever go into foreclosure.

As a legislator, it is important for you to consider what the impact of further reducing available funds to the housing market – specifically the low-to-moderate income borrowers - will be.

As a result of the increase of foreclosures and down-turn in the economy, CT and other states around the country are seeing a sizeable increase in housing supply (according to a Jan. 09 WSJ article there is over an 11th month supply nationwide – not including an additional 3-4% of FSBO homes; and the ideal level is around 4-6 months).

I know everyone sitting in this venue is aware of the negative impact of an empty home in any neighborhood in CT – not only does it displace the homeowner, but it promotes vandalism, poses security issues, and a potential degradation of the neighborhood as a whole.

As a counseling agency, we help clients become mortgage ready and able to afford some of these unoccupied homes, lowering the negative impact to the neighborhood and stabilizing the local economy. However, clients lack the necessary resources (specifically savings accounts) to put money down, cover closing costs AND have an emergency fund after closing.

While there are also federal IDA programs, the State of Connecticut IDA program is set-up to reach a more diverse range of clients. The State program requires the client to save their own funds over a period of three years. During that 3 year period that clients are saving their funds, they are required to take intensive workshops on financial education (which includes working on such things as credit establishment, credit enhancement and budgeting), homebuyer education (which includes maintaining the home and budgeting around priorities) and attend individual counseling sessions. If they do all of the above, the State matches them with additional funds to purchase an affordable home.

The State's program allows for the client's income level to reach up-to 80% AMI. This equates to \$61,500 for a family of 4. In contrast, the federal IDA maximum income requirement restricts the purchasing power and the house price (closer to \$43,000 for a family of 4). In this economy, the flexibility in the maximum income limit allows for a more mortgage ready clientele, who can afford the ups-and-downs of homeownership at a more realistic housing price range.

The IDA program is essential to promoting positive competition among lenders, providing additional loan options to qualified, low-to-moderate income borrowers and to providing affordable housing options to the residents of Connecticut.

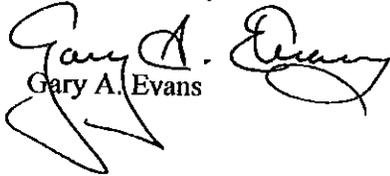
RESIDENTS OF CONNECTICUT
DEPARTMENT ASSET BUILDING HOMEOWNERSHIP

State IDAs are a verified means to encourage low-to-moderate income borrowers to seek out educational resources prior to purchasing a home. State IDA participants are required to attend workshops and individualized counseling on budget and credit. More importantly, the matched-savings requirement of the State IDA gets clients into the routine of saving monthly – something many people (in any financial demographic) could use. For many of these clients, they are the first in their family to have the opportunity to purchase a home.

Co-opportunity also provides Loss Mitigation and Foreclosure counseling to CT residents. The one common denominator among foreclosure clients – they all admit to not having the knowledge needed about the true costs of owning a home prior to making the purchase.

Lastly, keeping the State IDA program in-tact will allow for a more educated and better prepared homeowner. It will also provide a much needed pool of future homeowners to help assist in stabilizing the housing market. Finally, the State IDA is a way to responsibly promote homeownership among low-to-moderate income, working families.

Thank you for your time.


Gary A. Evans