



# The Keys to Homeownership Start With Financial Literacy

To become a homeowner today, Financial Literacy – or understanding how to manage debt, save for a down payment, and repair your credit – is a required tool.

“There should be a path to homeownership for single parents, for people with good credit but crushing student debt, for average, working people who pay more for a rental than a purchase would cost. *The cost of rent is more than a mortgage would be, and it is a huge barrier for people not to be able to get into decent, safe, affordable housing.*”  
- Mariquita from Johnstown

## A Look Inside the Numbers of Financial Literacy

# 735

Average credit score of CO homebuyers

# 725

Average FICO® credit score in CO

# \$5,541

Average credit card debt in CO

# \$35,658

Average student loan debt in CO

Average credit score by race	
Asian	745
White	734
Other	732
Hispanic	701
Black	677

Average credit score by generation	
Silent generation (75+)	758
Baby boomers (56-74)	736
Gen X (40-55)	699
Millennials (24-39)	680
Gen Z (18-23)	674

## How Much Does A Low Credit Score Cost You?

**Potentially  
Tens of Thousands  
of Dollars!**

For a \$216,000 30-year, fixed-rate mortgage: a person with a FICO® score of 760 or better will pay \$187 less per month than a person with a score of 620—that’s a savings of \$2,244 per year, or *more than \$67,000 over the life of the loan!*



## What Are the Biggest Obstacles to Homeownership?

“My credit and savings in this economy.”

- Jeremiah from Arvada

“Credit! Everyone I know had to clean up their credit and have it stay good for at least a year before getting accepted for a home.”

- Neima from Aurora

“For myself and most, I think the hardest part is saving for a down payment.”

- Leo from Fort Collins

## Understanding the Challenge of Financial Literacy

Barriers to homeownership **disproportionately impact** communities of color\*



### BLACK COMMUNITY



**17%** of successful Black loan applicants in 2017 received **high-cost loans**

**31%** were denied due to **debt-to-income ratio**

**25%** were denied due to **credit history**

### LATINO COMMUNITY

**60%** of Colorado Latinos are millennials or younger

**66%** of Latino graduates in 2016 held student debt with an average loan balance of

# \$25,452

**42%** median **debt-to-income ratio** for Latino homebuyers in 2018 compared to general population



### ASIAN-AMERICAN/ PACIFIC ISLANDER COMMUNITY

**69%** view themselves as **ill-prepared** to make financial decisions

**25%** over age 25 say **student loan debt** is a major obstacle to buying a home

### LGBTQ+ COMMUNITY

**77%** report **lack of funds** as major factor limiting homeownership

**71%** report lack of short- and long-term **financial stability**

**50%** of LGBTQ+ renters **lack 3 years' savings** for a down payment

\* Data taken from NAHREP 2019 State of Housing Report, U.S. Census Bureau, and annual AREAA and NAGLREP Reports.

## Colorado Lawmakers Can Usher in a Century of Opportunity

### Financial Literacy Education

Prepare young adults for credit, debt, student loans, homeownership, and retirement.

### Requiring Division of Housing Annual Reporting

Base long-term affordable housing decisions on data with comprehensive needs assessments.

### Incentivizing Best Practices in Affordable Housing Development

Empower and reward local governments that grow supply of affordable housing.

### Credit Building Programs

Level the playing field for populations of color and give renters opportunities to build their credit.

“(Homeowners) are lucky and obviously financially stable. They worked hard. I am different because *I lacked the knowledge that would’ve helped me be more prepared to buy a home.*”  
- Lily from Aurora

