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One in Two Americans Who Have Tried to Purchase a Home Have Faced Barriers

NFCC survey reveals half of all prospective homebuyers face barriers, demonstrating the need for homebuyer counseling and assistance.

In recognition of Financial Literacy Month, the National Foundation for Credit Counseling® (NFCC®) has released its 12th annual Consumer Financial Literacy Survey. This year's survey conducted online by The Harris Poll in March 2019 among 2,086 U.S. adults ages 18 and older, reveals some good news about savings and consumer debt levels but demonstrates the barriers many Americans face when striving to achieve homeownership. Home prices, lack of down payment resources, poor or limited credit history, and the burdens of consumer debt are among the top barriers identified in the survey results.

In the current economic environment, about two in five U.S. adults (42%) – a proportion that has held roughly steady since 2007 – say they have a budget and keep close track of how much they spend on such things as food, housing, and entertainment. Equally encouraging is the fact that the proportion who say they are saving more (26%) compared to last year greatly exceeds those who are saving less (15%). Credit card debt, which has reached near record levels for average interest rates, is no worse an issue than last year as nearly 2 in 5 (37%) indicate their household carries such debt from month to month.

The survey reveals that many Americans face increasing barriers to homeownership despite the good news about the economy. One out of every two U.S. adults who have pursued home ownership say they have faced barriers. Younger Americans overwhelmingly report challenges related to becoming homeowners, with 90% of male millennials and 76% of female millennials who have tried to purchase a home reporting barriers. Geographically, more aspiring homebuyers in the west (54%) report difficulties buying a home when compared to those in the northeast (44%).

"Homeownership is the underpinning of a stable economy and should be accessible for everyone with the means and ability to achieve that dream," said NFCC President and CEO Rebecca Steele. "Our mission is to ensure that everyone has the resources, assistance, and financial capability they need to

achieve the goal of home ownership, which is why we have taken the extra initiative to reach underserved populations with programs to support their success at each stage of their journey.”

Rising home prices are identified as a barrier by nearly one in five who have attempted to purchase a home (18%), making it the top response. Among those who say they faced barriers, all indicated this issue as a problem. Far more homebuyers in the west say this is an issue than those living in other regions of the country.

Lack of funding for the down payment and/or closing costs is also a complicating factor for some who want to purchase a home and is the second most common barrier (14%) identified in this year’s survey. The survey also revealed that black/African American (66%) and Hispanic (54%) homebuyers are more likely to encounter obstacles in the homebuying process than those identifying as white (44%).

A poor credit history is also among the top roadblocks for U.S. adults who have attempted to purchase a home (11%), an issue also faced by a portion of homebuyers with a limited credit history (10%). Hispanics (17%) and African Americans (13%) fare worse than white homebuyers (8%) when it comes to reported barriers relating to thin credit files.

Debt issues are shared by homeowners and renters alike but can sometimes get in the way of those struggling to move from renting to owning. A majority of U.S. adults (60%) have had credit card debt in the past 12 months, and a portion indicates their household carries debt across billing cycles. About half of households that carry credit card debt from month to month (51%) also report experiencing challenges in the homebuying process. The portion is even greater for those reporting difficulties paying down their debt (58%). Also, nearly one-quarter of aspiring homebuyers with an annual household income of \$50K to \$75K report existing debt as a barrier to purchasing a home (23%).

“The survey data clearly demonstrate the barriers many aspiring home owners face,” said Matt Ribe, General Counsel for the NFCC. “For many, their perception of those obstacles can become its own barrier to homeownership. Thankfully, the NFCC Envisioning Homeownership program was designed to help individuals address and overcome these barriers and become homeowners.”

These barriers can become especially vexing when consumers are unaware of the resources available to support the successful journey to homeownership. Data from the survey indicates that nearly one in four U.S. adults (23%), or over 56 million Americans, would reach out to a professional nonprofit credit counseling agency for help. The NFCC is pursuing innovative partnerships with lenders, fintechs, and community-based organizations to help increase consumer awareness of counseling programs like Envisioning Homeownership.

No matter the issues brought to light by the survey data, real and perceived barriers to homeownership can be effectively addressed with the assistance of an NFCC Certified Housing Counselor. These nonprofit professionals deliver homebuyer education and counseling in a variety of ways including the new Envisioning Home Ownership program, which is designed to help underserved populations transition into an affordable and sustainable housing situation. Nonprofit housing counseling is especially beneficial for those who are struggling with credit issues, debt or the cost of buying a house.

To find out more about Envisioning Home Ownership and the advantages of nonprofit housing counseling programs, visit <https://info.nfcc.org/eho> or call 844-359-3834 today.

About the Survey

The 2019 Financial Literacy Survey was conducted online within the United States by The Harris Poll on behalf of the NFCC (National Foundation for Credit Counseling) between March 8th and March 13th, 2019 among 2,086 U.S. adults ages 18+. For complete research method, including weighting variables and subgroup sample sizes, please contact the NFCC at press@nfcc.org.

About NFCC

Founded in 1951, the National Foundation for Credit Counseling® (NFCC®) is the nation's first and largest nonprofit dedicated to improving people's financial well-being. With nearly 600 member offices serving 50 states and Puerto Rico, our NFCC Certified Credit Counselors are financial advocates, empowering millions of consumers to take charge of their finances through one-on-one financial reviews that address credit card debt, student loans, housing decisions, and overall money management. Make one of the best financial decisions of your life. For expert guidance and advice, call (800) 388-2227 or visit <http://www.nfcc.org> today.