

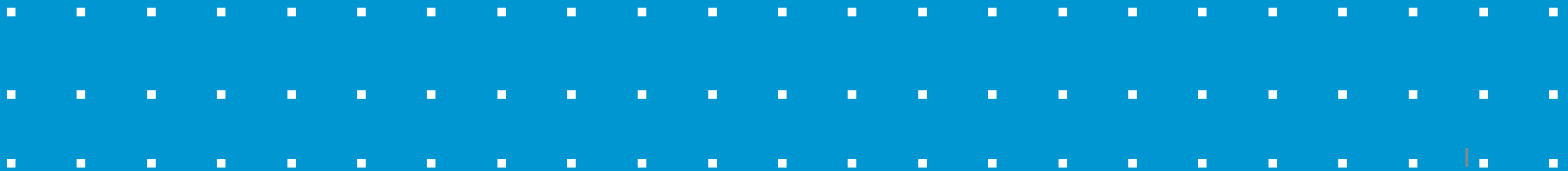
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Barriers to Homeownership

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Urban Institute

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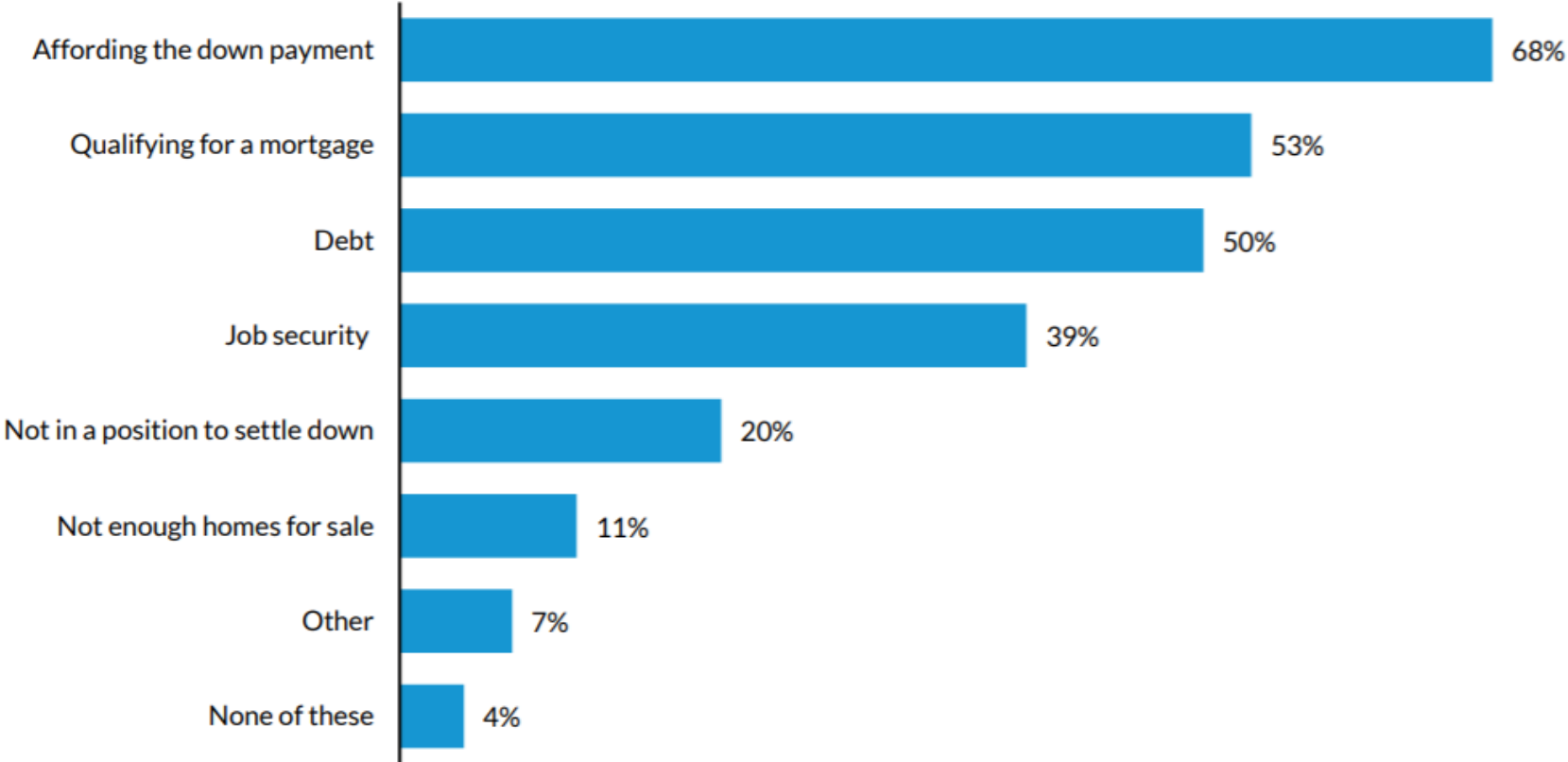


Introduction

- New report by Urban Institute, BARRIERS TO HOMEOWNERSHIP, highlights the importance of down payment assistance and financial counseling/education for potential first time home buyer:
 - Lots of good facts! (https://www.urban.org/sites/default/files/publication/99028/barriers_to_accessing_homeownership_2018_4.pdf)
- Local, state and federal government agencies and private sector all have an important role to play to increase sustainable homeownership
 - This isn't an either/or!
- Work to done beyond expanded down payment assistance.
 - Small things add up!

Barriers to Homeownership

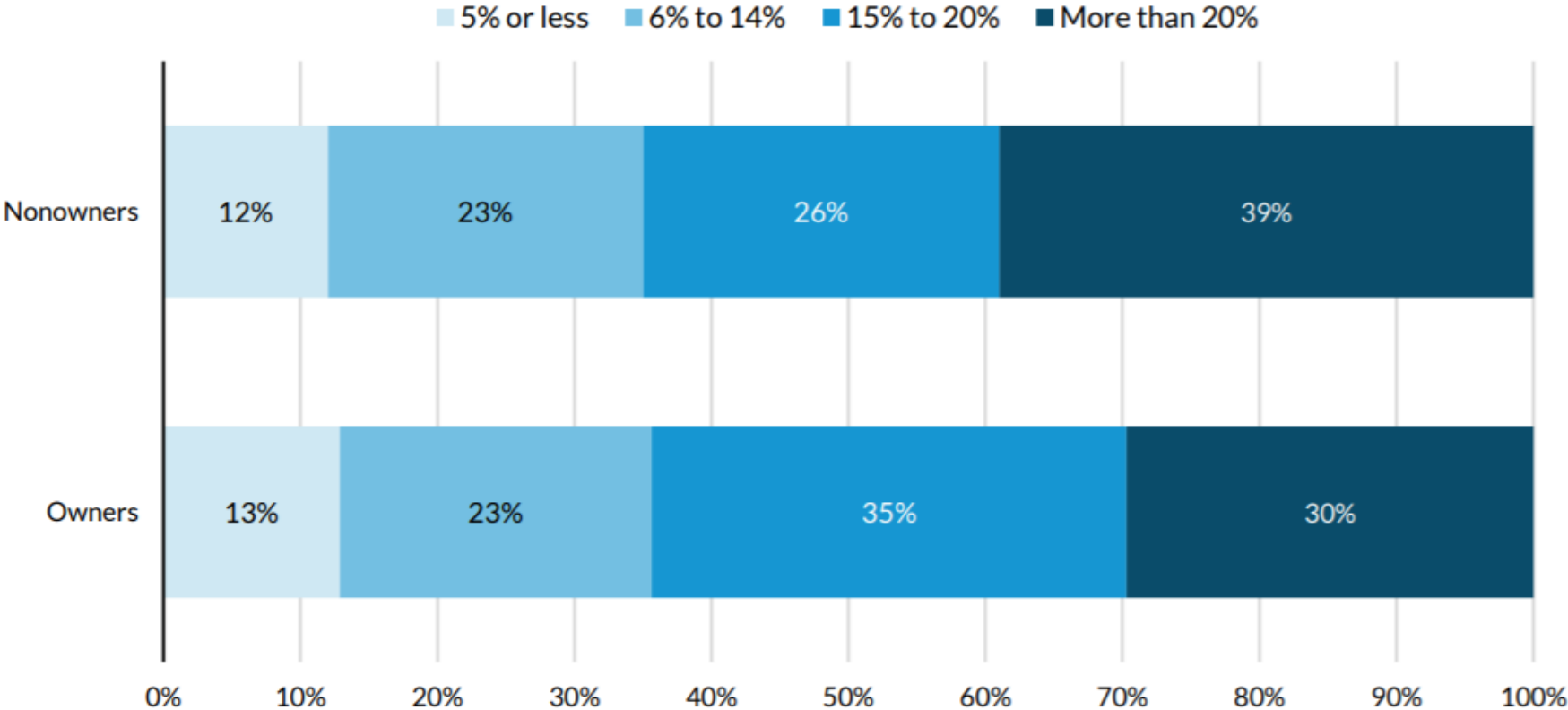
What Are the Major Barriers to Homeownership?



Sources: 2018 Zillow Housing Aspirations Survey and the Urban Institute.

Lack of info on down payments

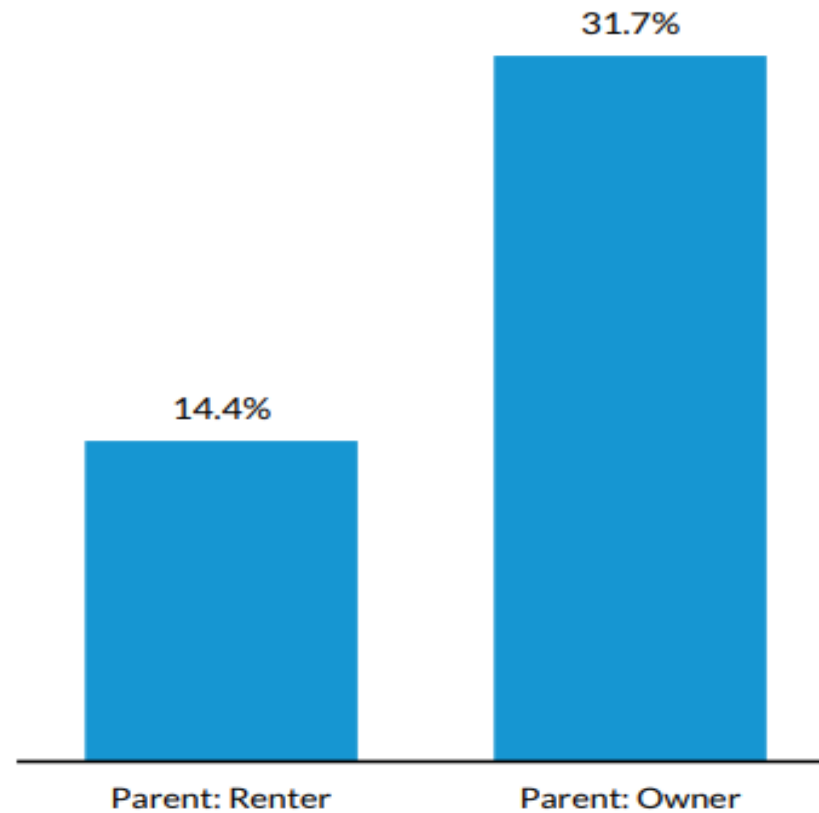
What Percentage Is Needed for a Down Payment?



Sources: National Association of Realtors and the Urban Institute.

Parental Homeownership Matters

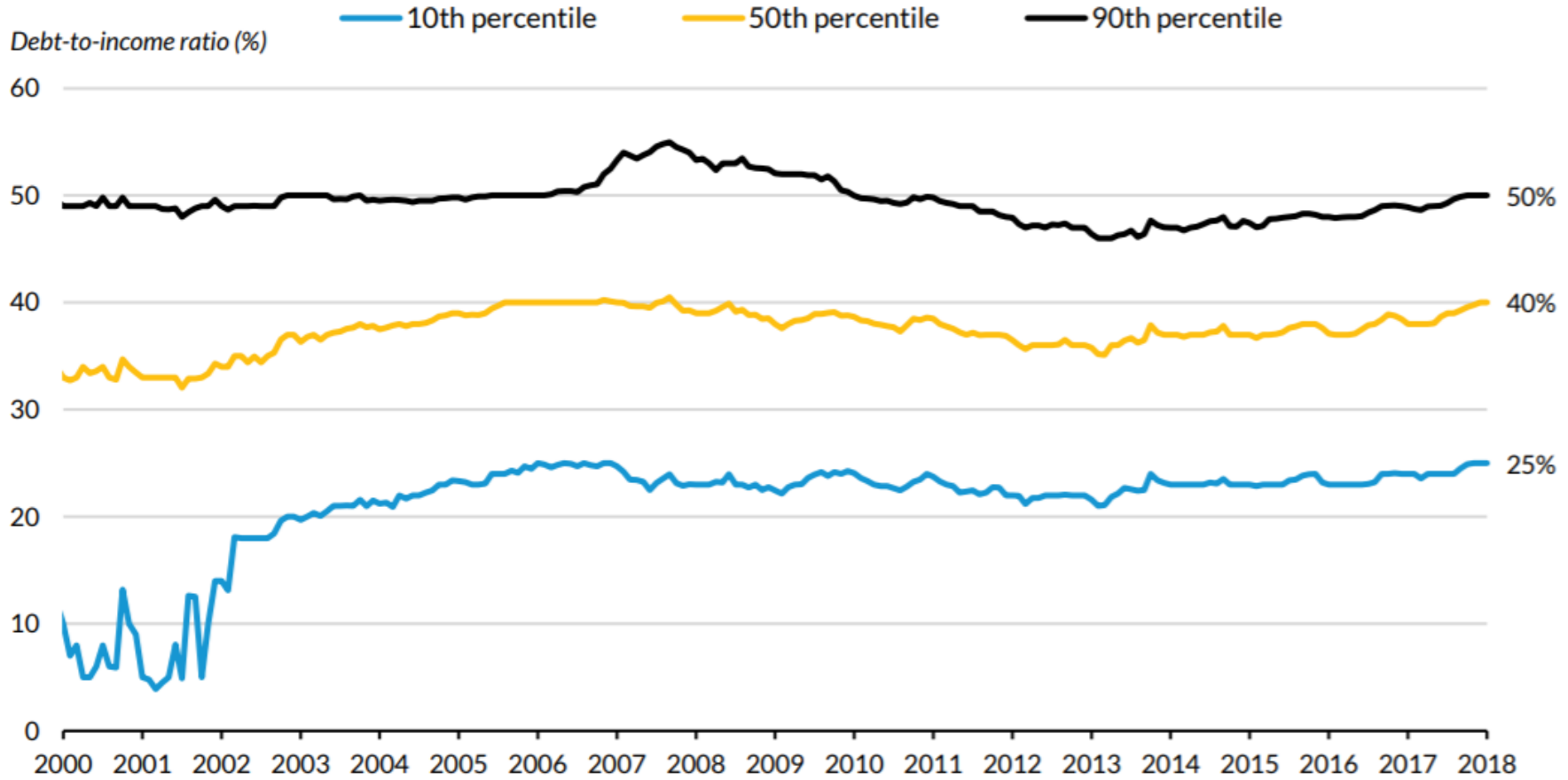
Child's Homeownership Rate by Parents' Tenure



Source: Panel Study of Income Dynamics

Income and debt are also barriers

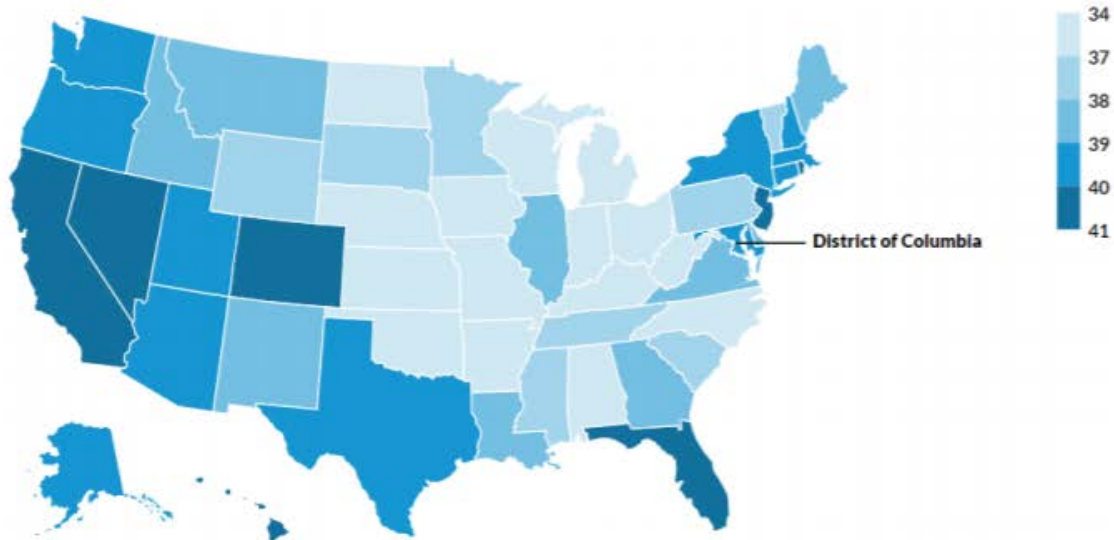
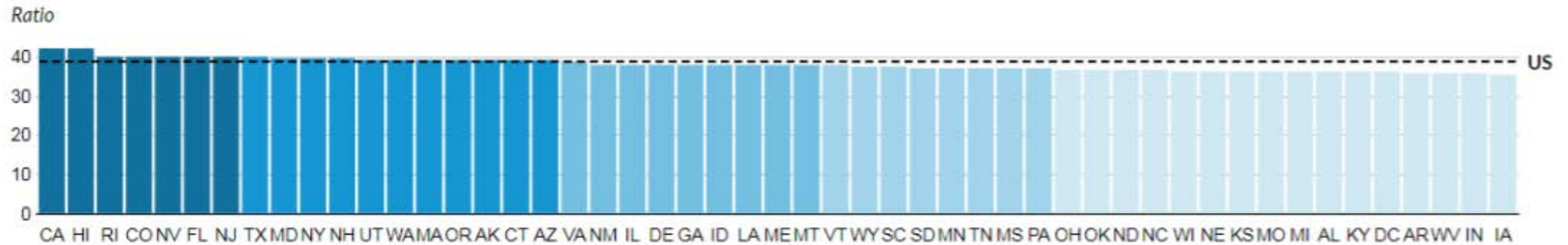
Debt-to-Income Ratio at Origination



Sources: CoreLogic, eMBS, and the Urban Institute.
Notes: Includes owner-occupied purchase loans only. Data as of April 2018.

DTI constraints by State

Median Debt-to-Income Ratio by State



Sources: eMBS, the Federal Housing Administration, and the Urban Institute.

Note: Based on purchase money agency originations in 2017.

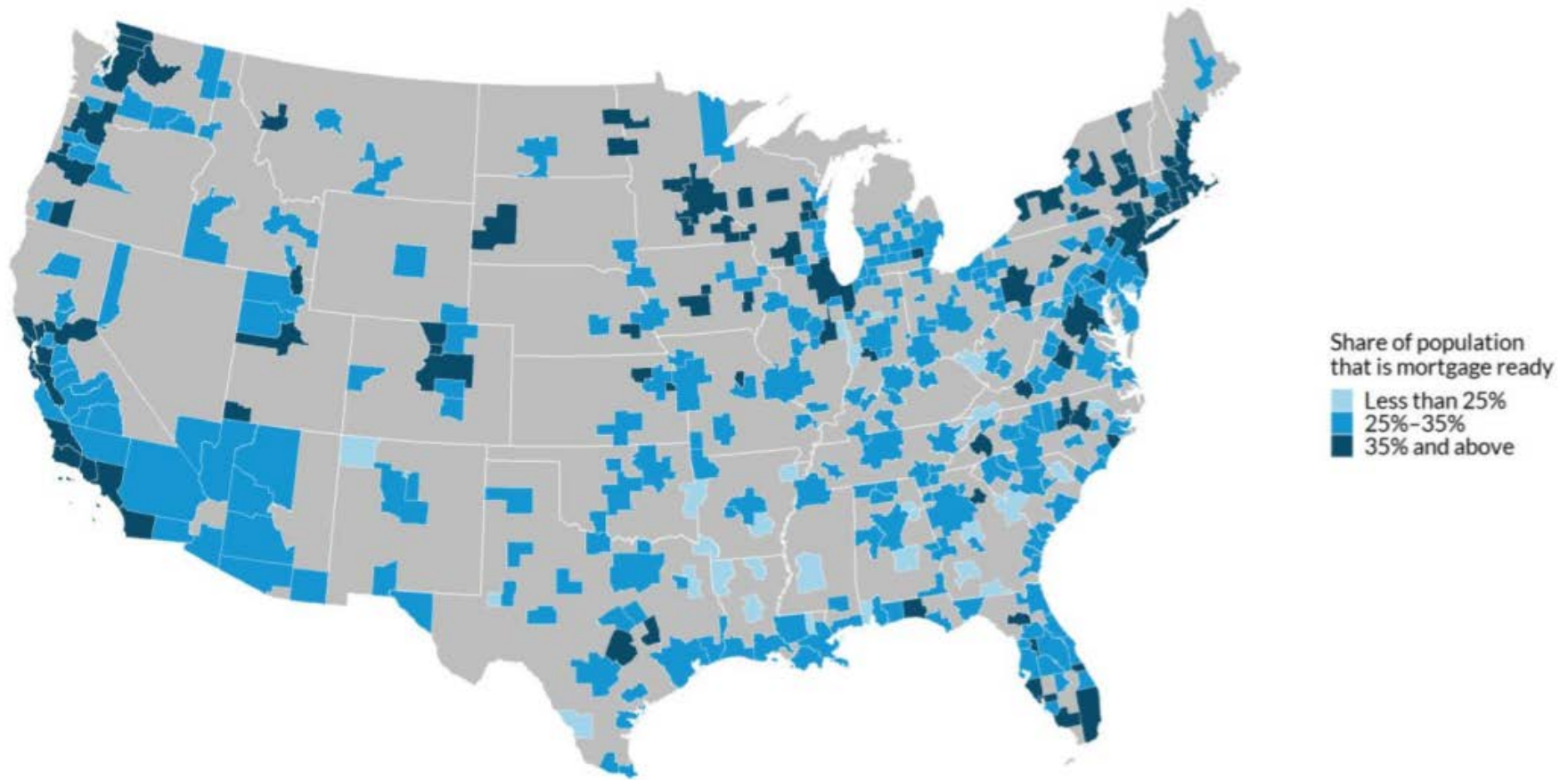
Credit scores also a barrier to homeownership

Credit Score Distribution: Millennials, Gen Xers, and Baby Boomers, 2016

	P10	P25	P50 (median)	P75	P90
Millennials	501	541	640	721	764
Gen Xers	512	565	662	753	803
Baby boomers	542	627	728	803	821

Millennials are Ready!

Share of the Millennial Population That Is Mortgage Ready, by Metropolitan Statistical Area

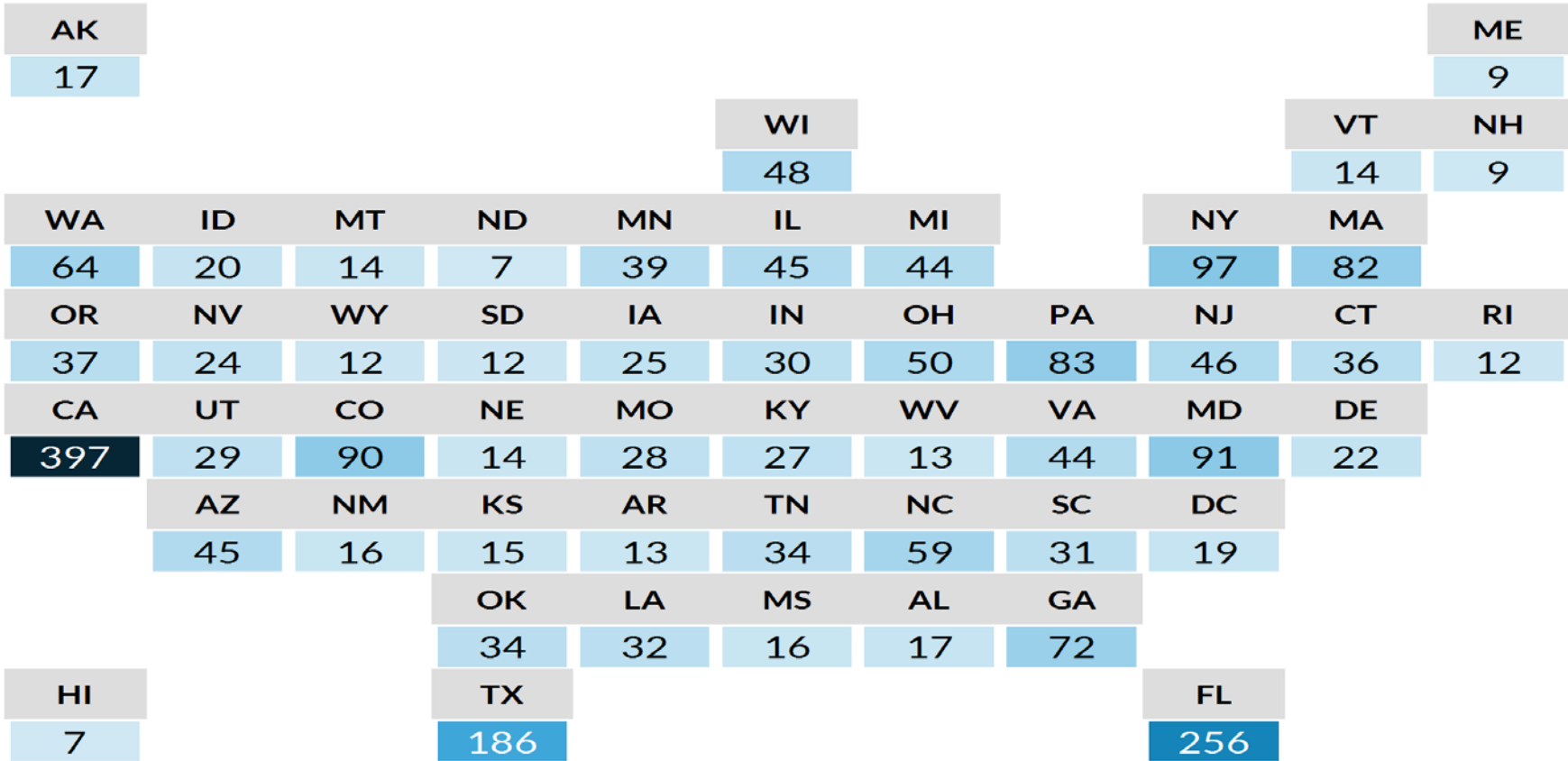


Source: Freddie Mac calculations using anonymized credit bureau data.

Notes: A consumer is mortgage ready if he or she does not have a mortgage, is 40 or younger, has a FICO score of 620 or above, has a debt-to-income ratio not exceeding 25 percent, has no foreclosures or bankruptcies in the past 84 months, and has no severe delinquencies in the past 12 months. Based on

HFA programs are available to help

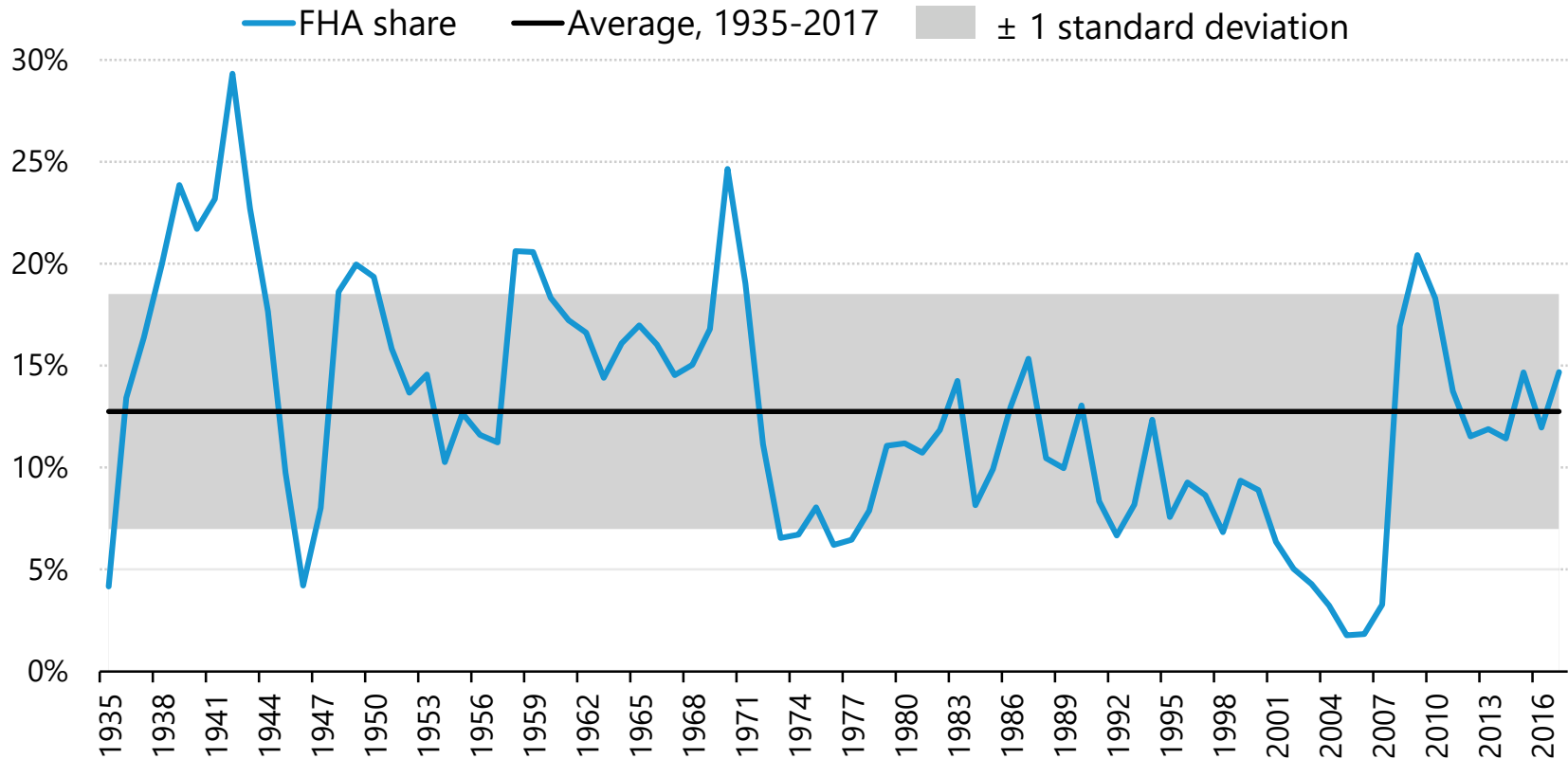
Number of Active Programs



Sources: Down Payment Resource and Urban Institute.

FHA Share of Single-Family Originations, 1935-2017

- FHA's share has averaged 13 percent over the entire period.
- FHA has played an important countercyclical role.

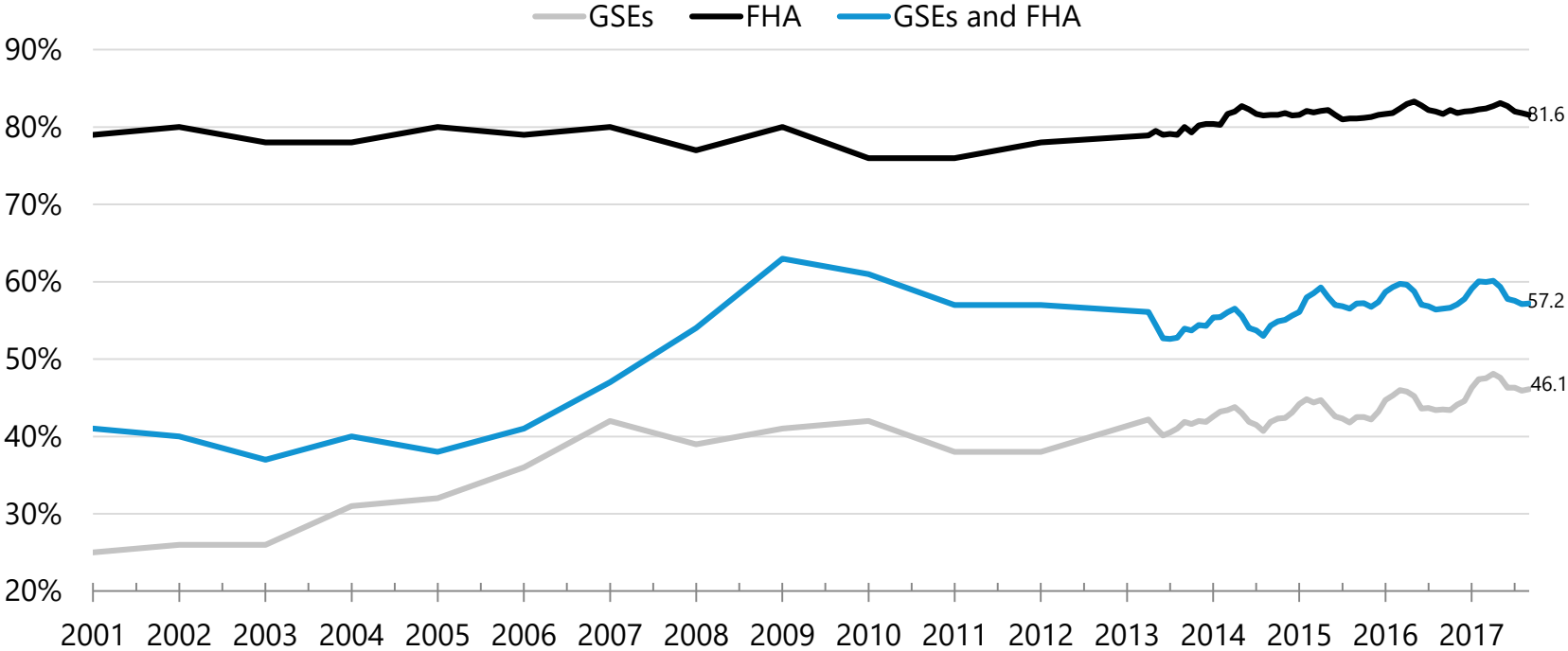


Note: 2016 and 2017 share based on estimates.

Source: Inside Mortgage Finance, Mortgage Bankers Association, CoreLogic, and Urban Institute.

FHA disproportionately serves first time homebuyers

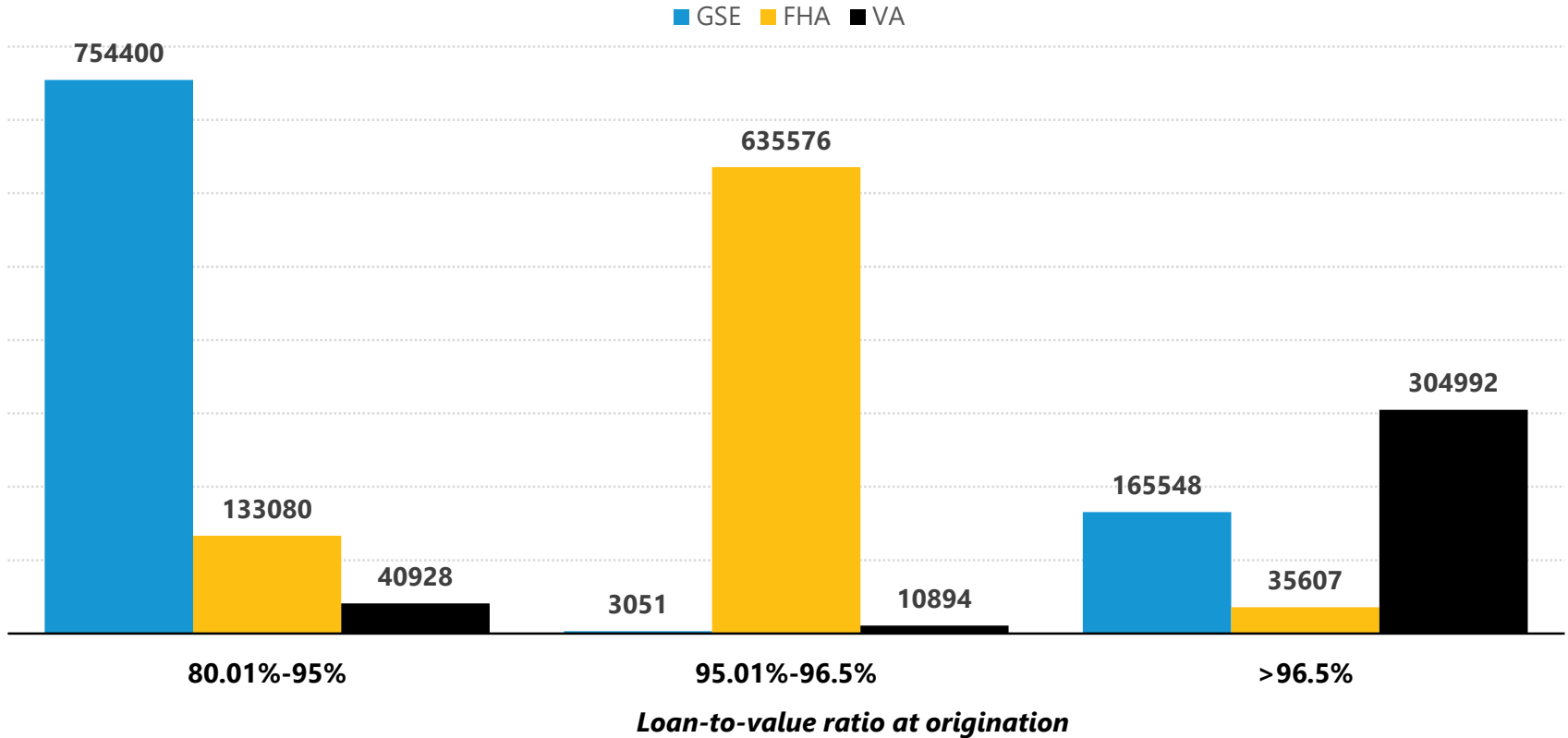
First-Time Homebuyer Share



Sources: eMBS, Federal Housing Administration (FHA) and Urban Institute.
Note: All series measure the first-time homebuyer share of purchase loans for principal residences.

Other low down payment programs: GSEs and VA

Combined Loan-to-Value Ratio at Origination



Conclusion

- Millions of American Families are ready to become sustainable homeowners
- Policies that create homeownership
 - DOWNPAYMENT ASSISTANCE
 - CONSUMER EDUCATION
 - HFA's, FHA, and GSEs
- Policies that must be revisited
 - DTI and QRM rules
 - Alternative ways of underwriting and educating; AI, FINTECH