



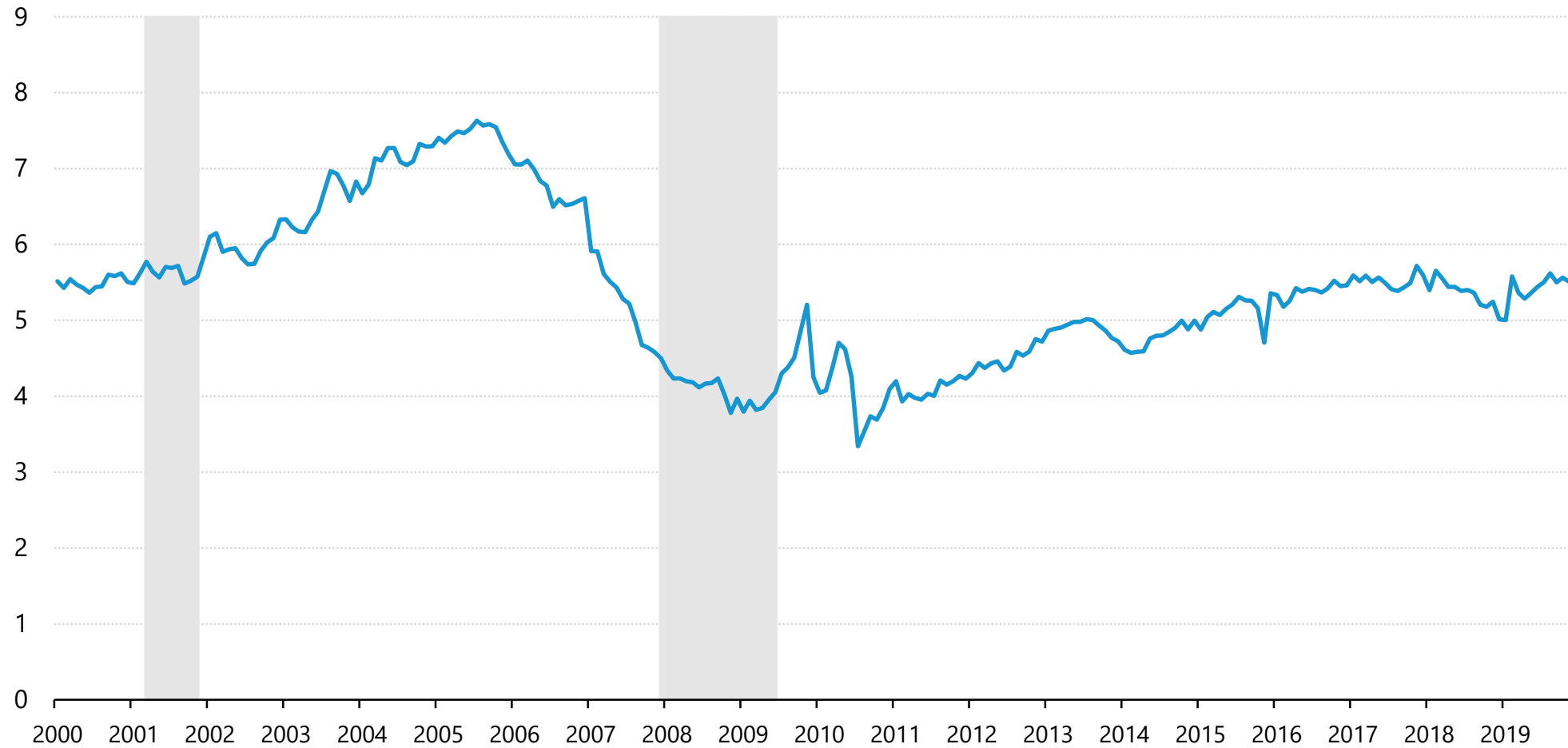
# Washington and Market Updates

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Urban Institute

**NCSHA's HFA Institute**  
Washington, DC  
January 17, 2020

# Total home sales

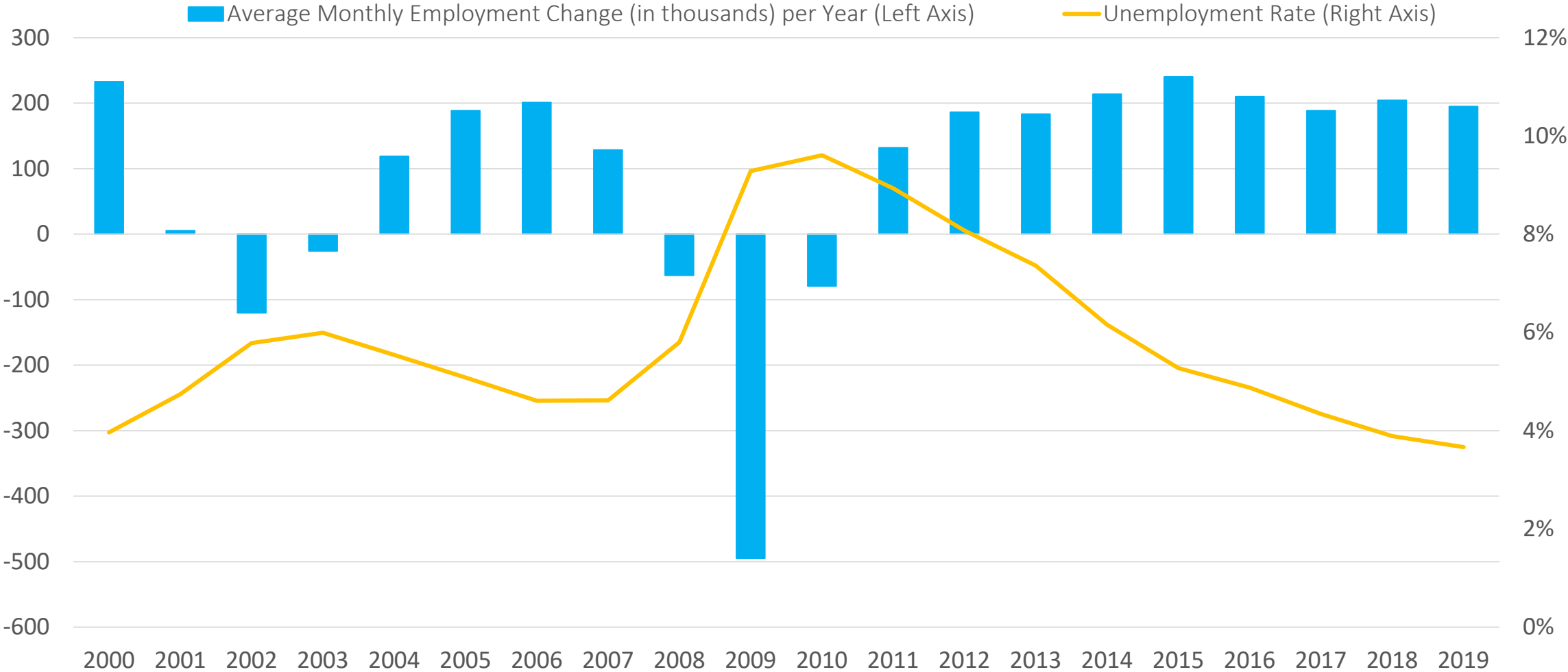
Sales (millions)



Sources: National Association of Realtors, US Census Bureau, US Department of Housing and Urban Development, National Bureau of Economic Research.

# Reasons for Optimism

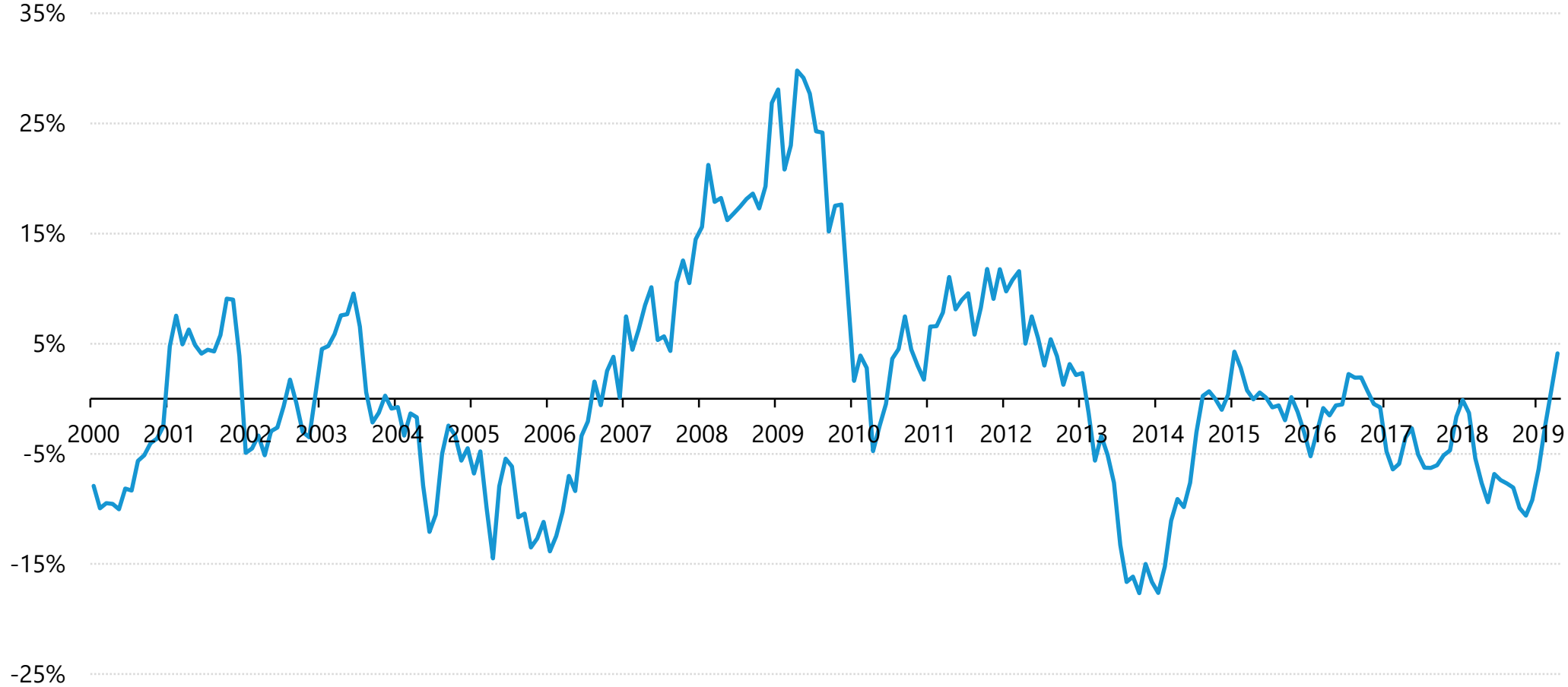
# Payroll Employment and the Unemployment Rate



Sources: Bureau of Labor Statistics.

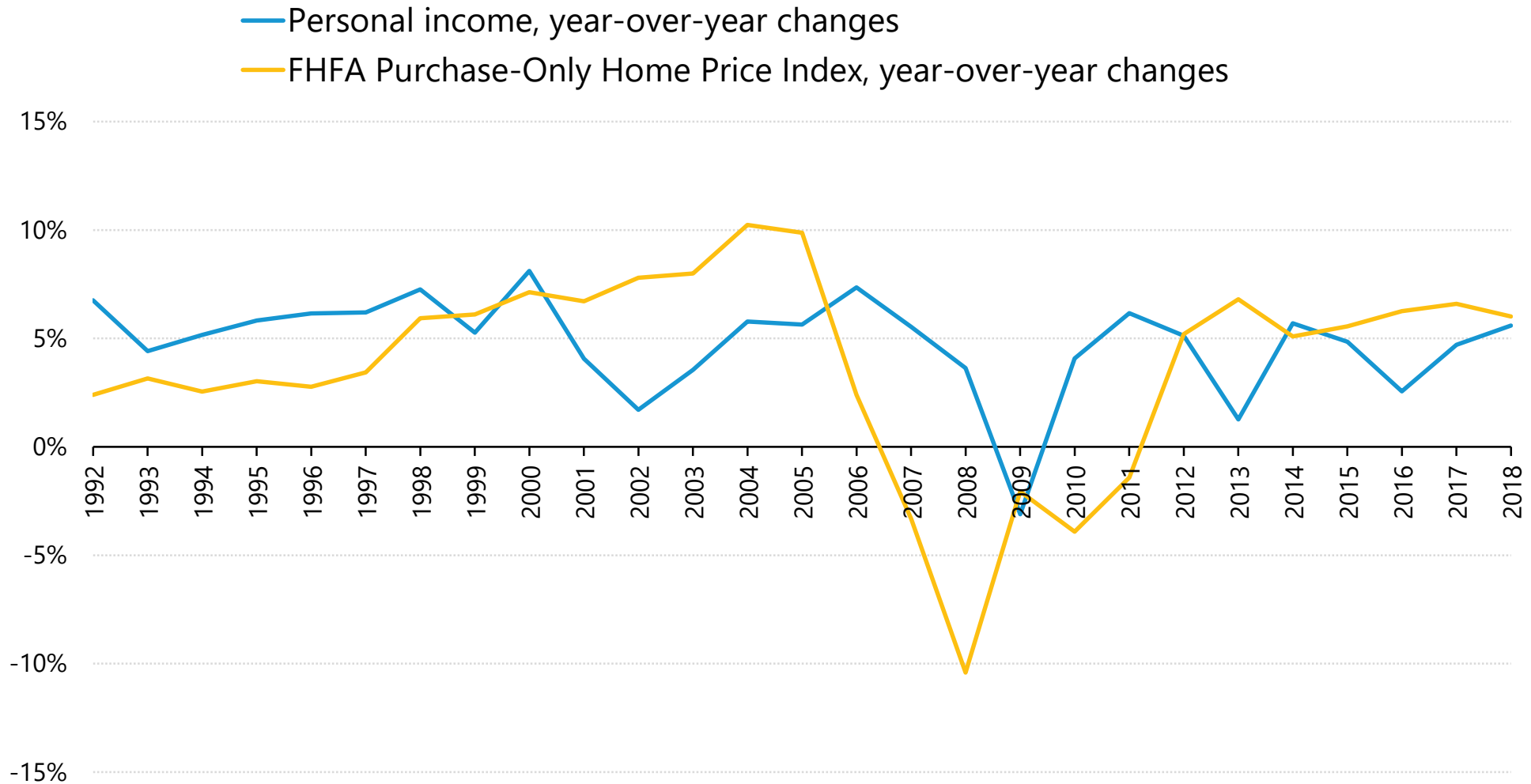
# NAR Housing Affordability Index, year-over-year changes

*Year-over-year percentage change*



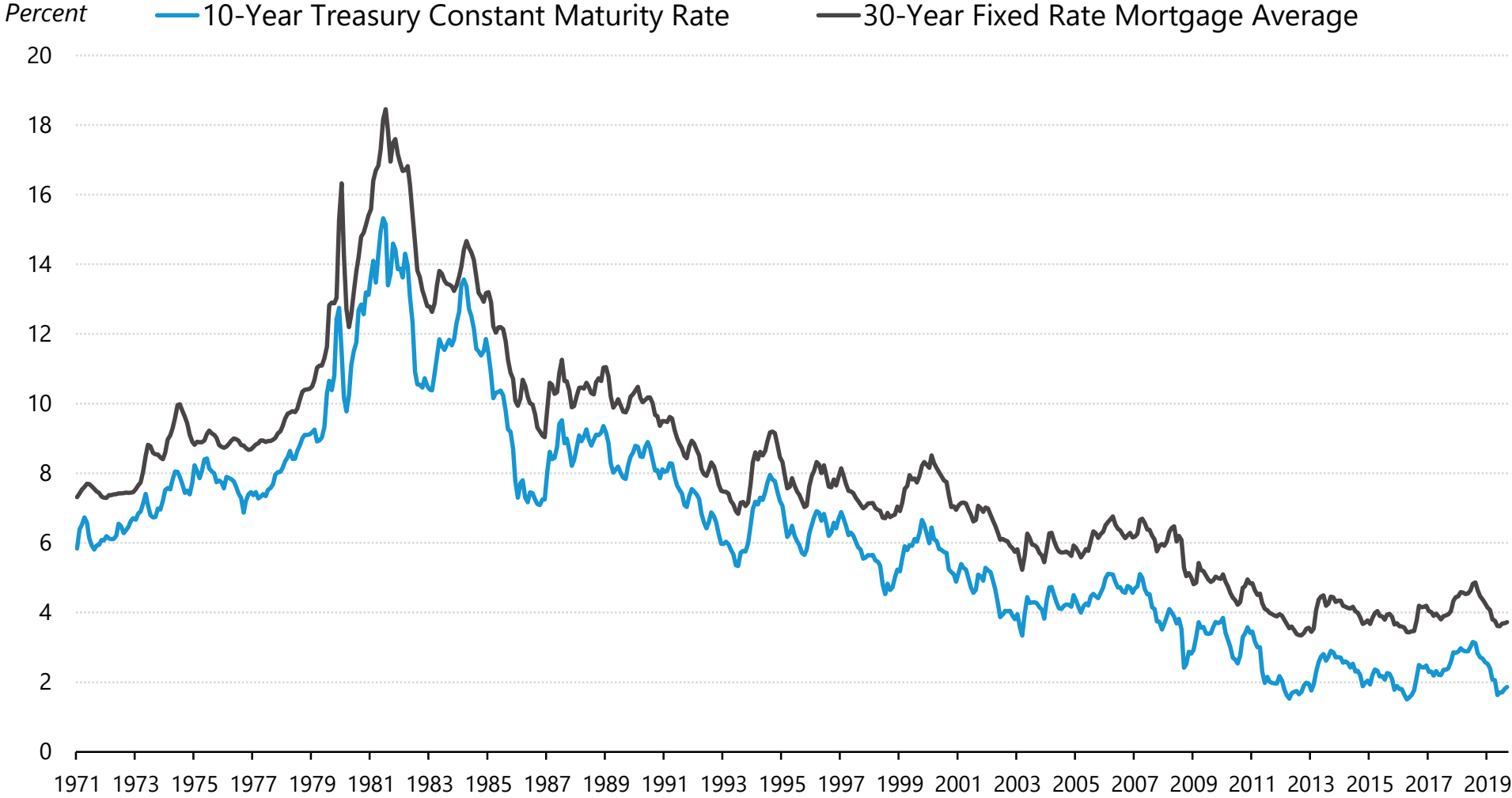
**Source:** National Association of Realtors (NAR).

# Year-over-year changes in personal income and home prices



Sources: US Bureau of Economic Analysis; US Federal Housing Finance Agency (FHFA); Freddie Mac; Fannie Mae.

# 10-Year Treasury and 30-Year Mortgage Rates (monthly averages)



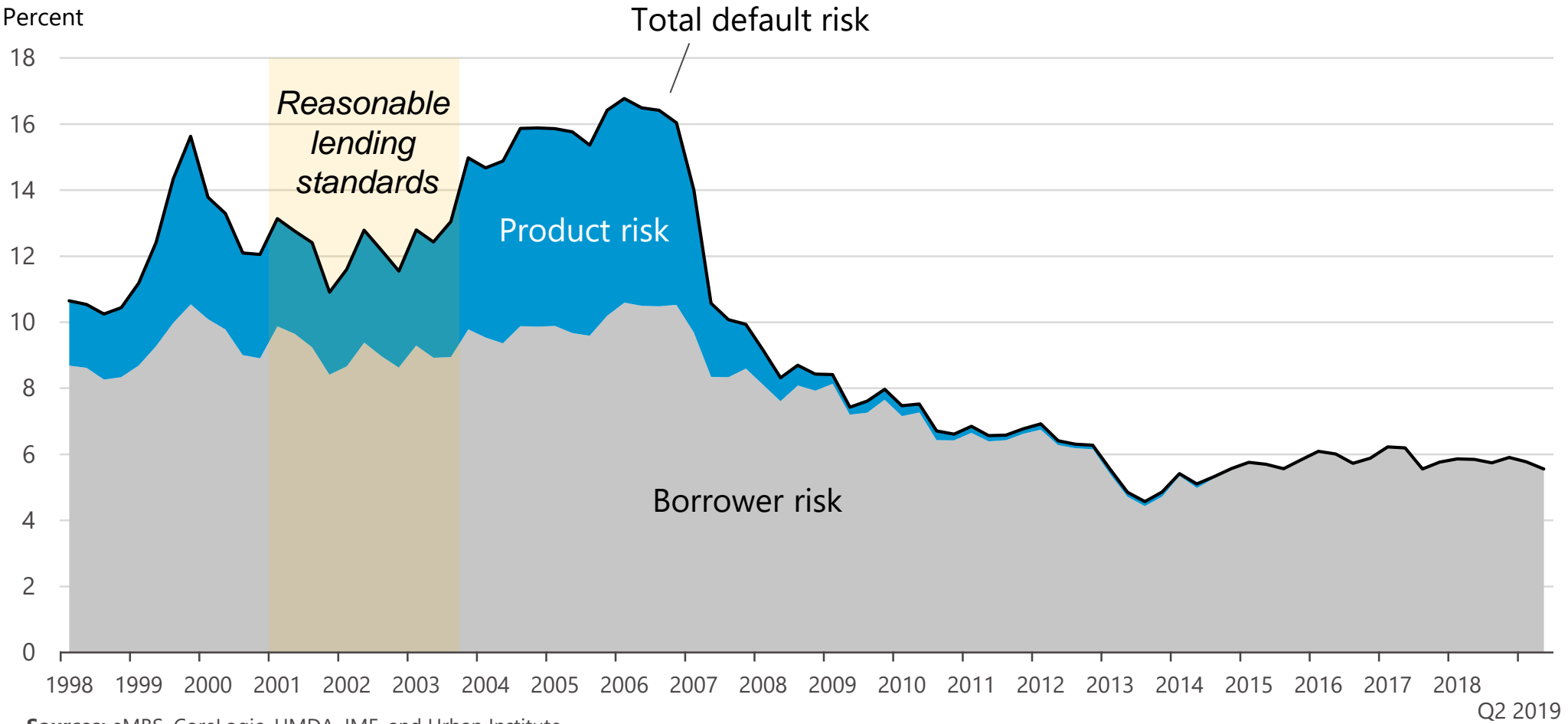
Sources: US Federal Reserve; Freddie Mac.

# Reasons for Concern



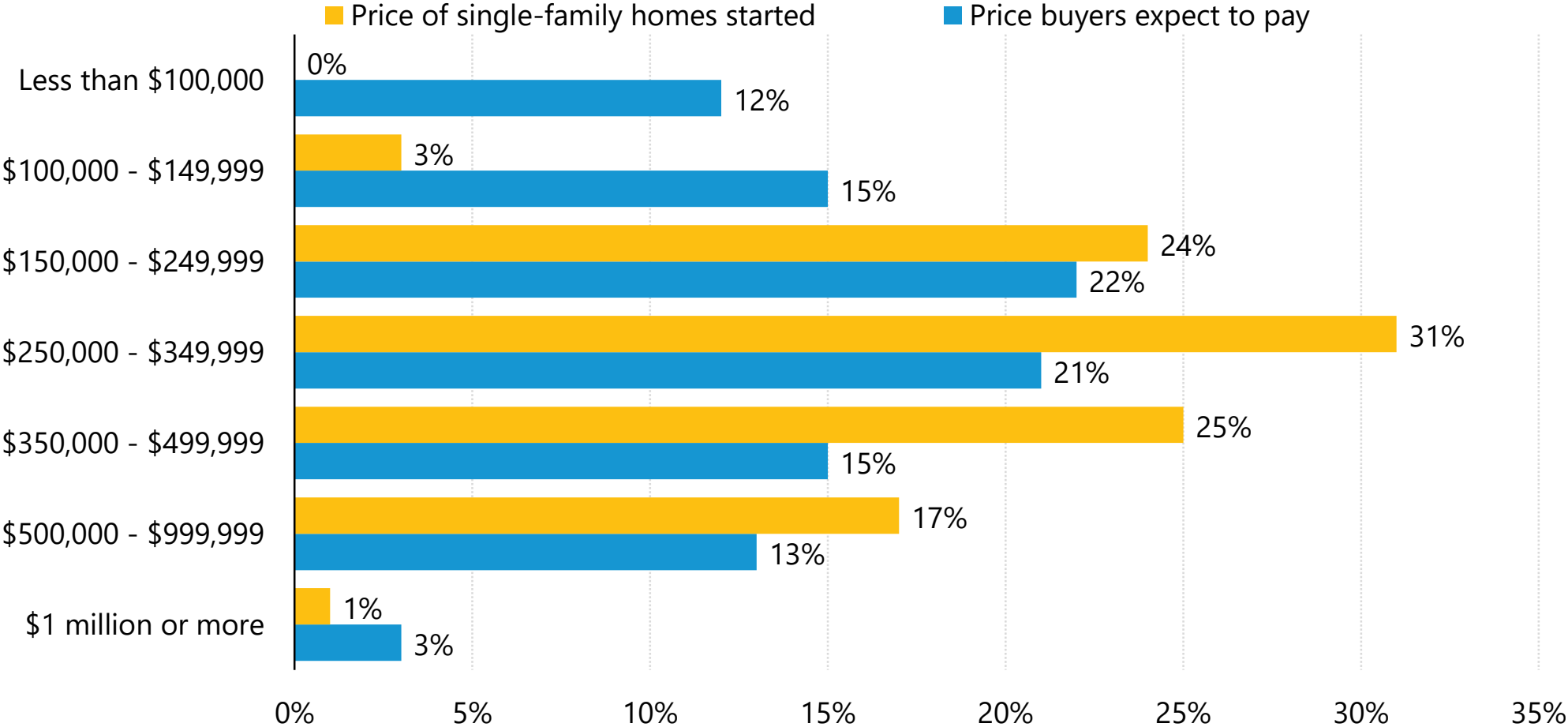
# Housing Credit Availability Index (HCAI)

## All Channels



Sources: eMBS, CoreLogic, HMDA, IMF, and Urban Institute.  
 Note: Default is defined as 90 days or more delinquent at any point. Data as of October 2019.

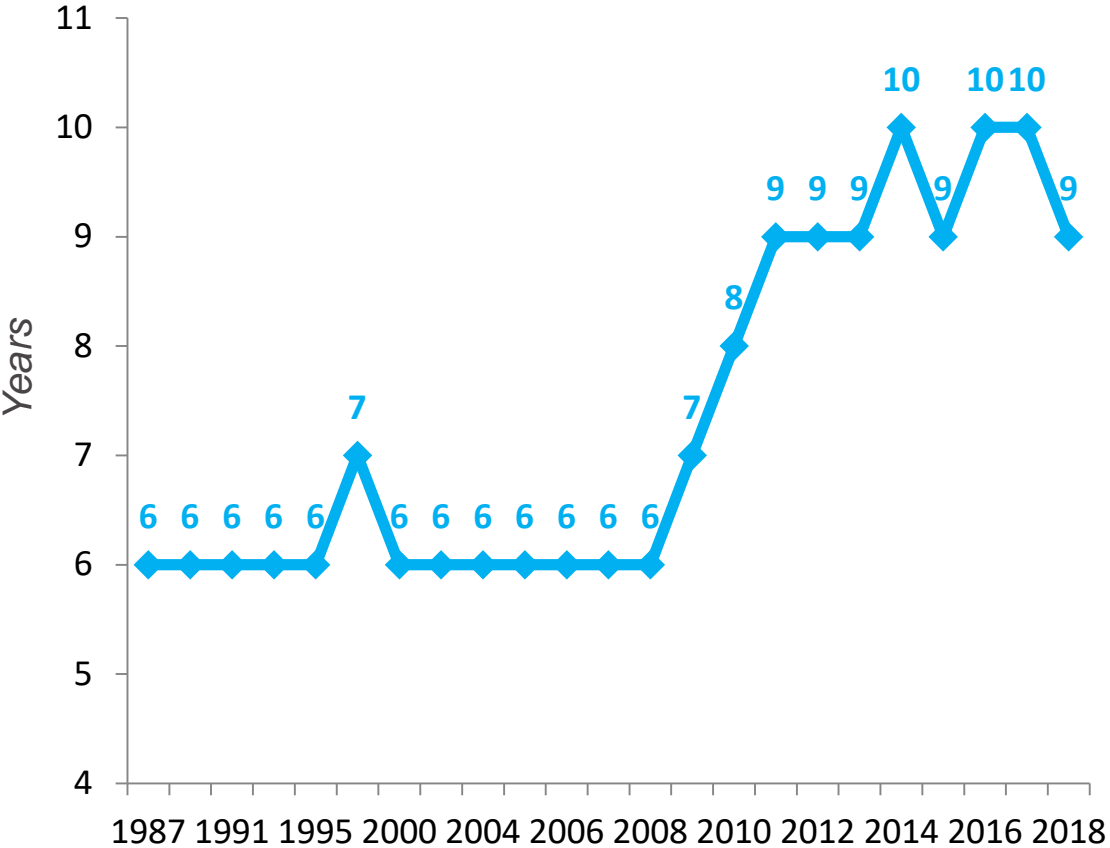
# Price of single-family homes started in 2018 vs. price buyers expected to pay



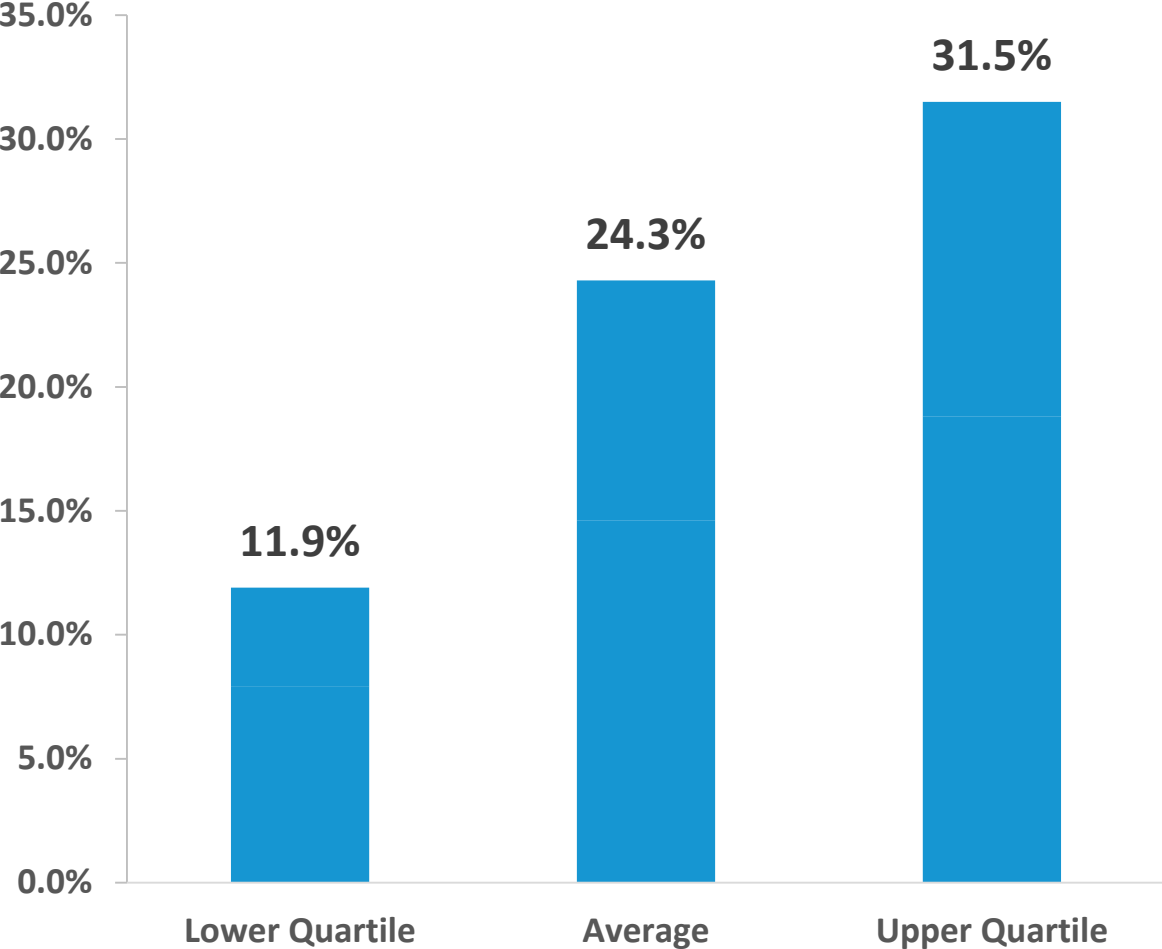
Sources: National Association of Home Builders (NAHB) tabulations of data from the Survey of Construction, US Census Bureau and HUD.

# Barriers to Affordable For-Sale Supply

Median Number of Years in a Home

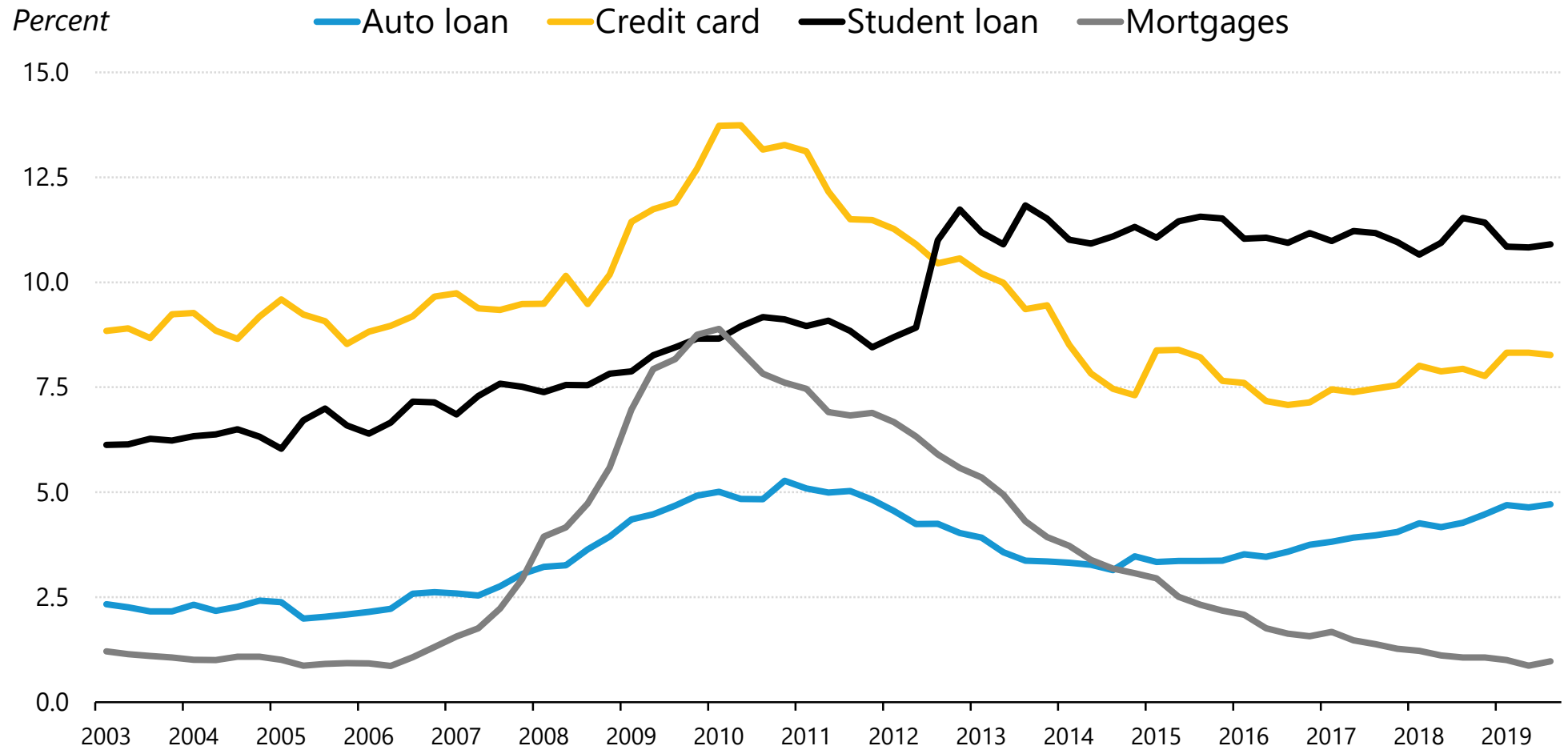


Regulatory Costs Share of New Home Price



Data from: NAR *Profile of Home Buyers and Sellers 1987-2018* NAHB Calculations.

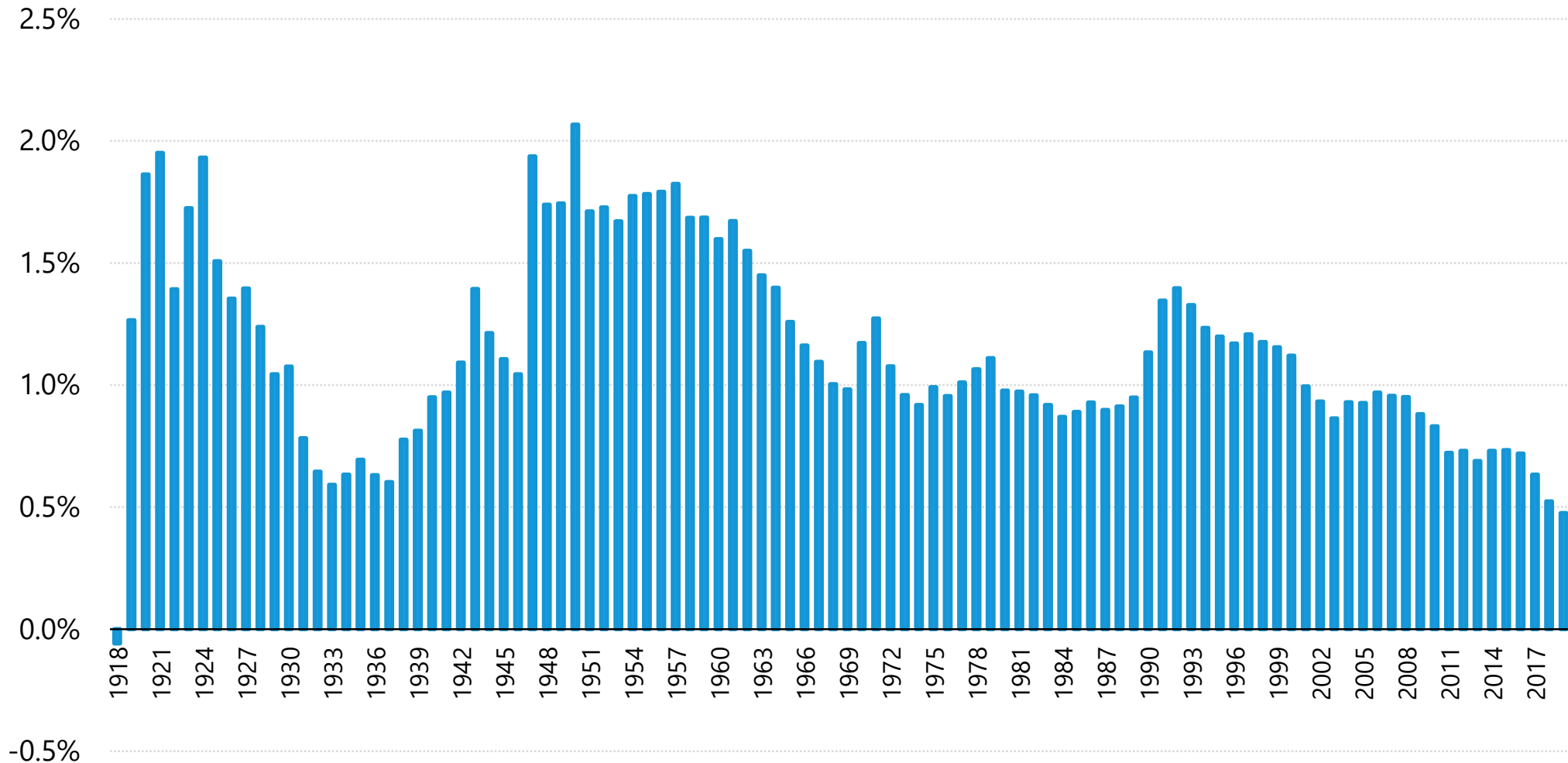
# Percent of balance 90+ days delinquent, by loan type



Sources: New York Fed Consumer Credit Panel; Equifax.

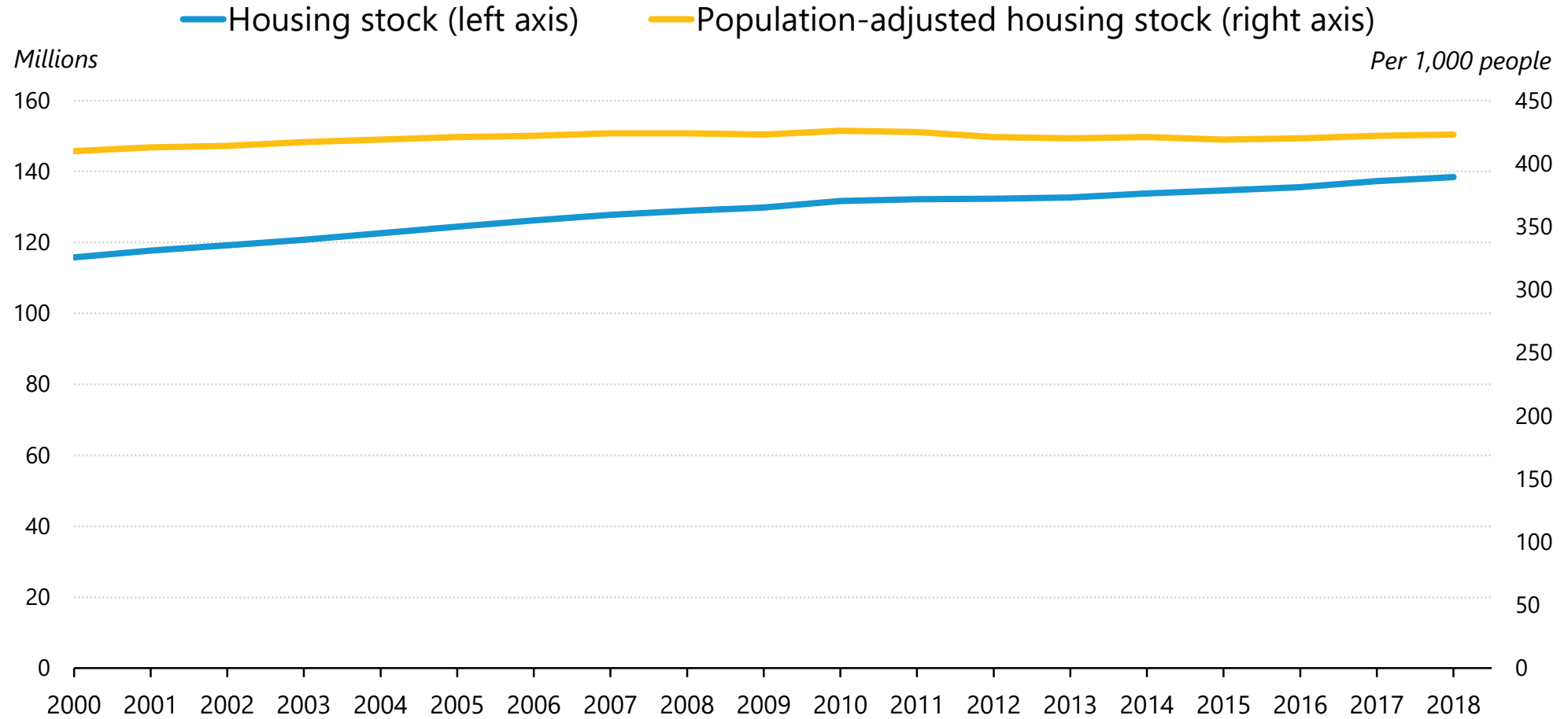
# Key Demographic Trends

# US population growth, 1918 - present



Source: US Census Bureau (BOC): Population Estimates, Projections.

# Housing stock, total and population-adjusted

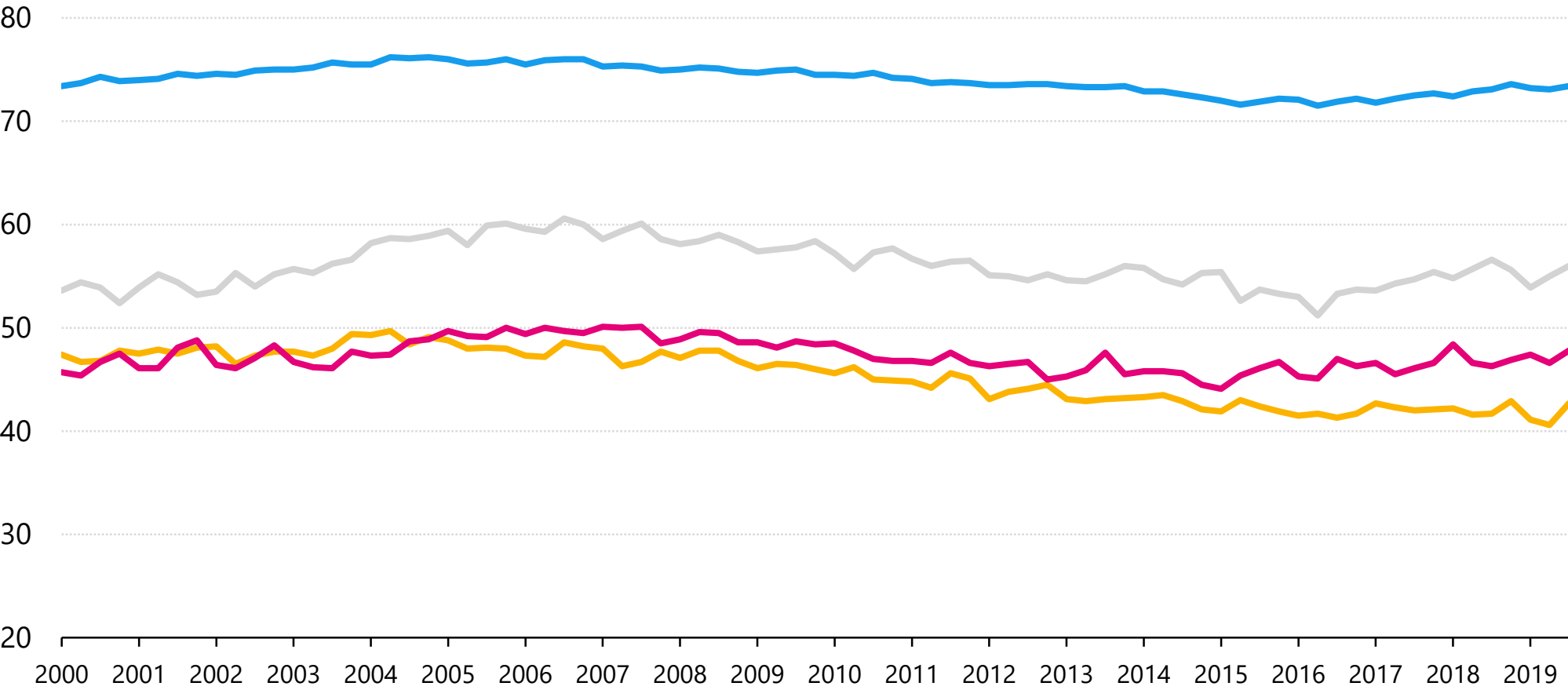


Sources: American Community Survey, US Census Bureau, the US Department of Housing and Urban Development, and the National Bureau of Economic Research.

# Homeownership rates over time, by race

Homeownership Rate  
(Percent)

— Black — Hispanic — White — Other

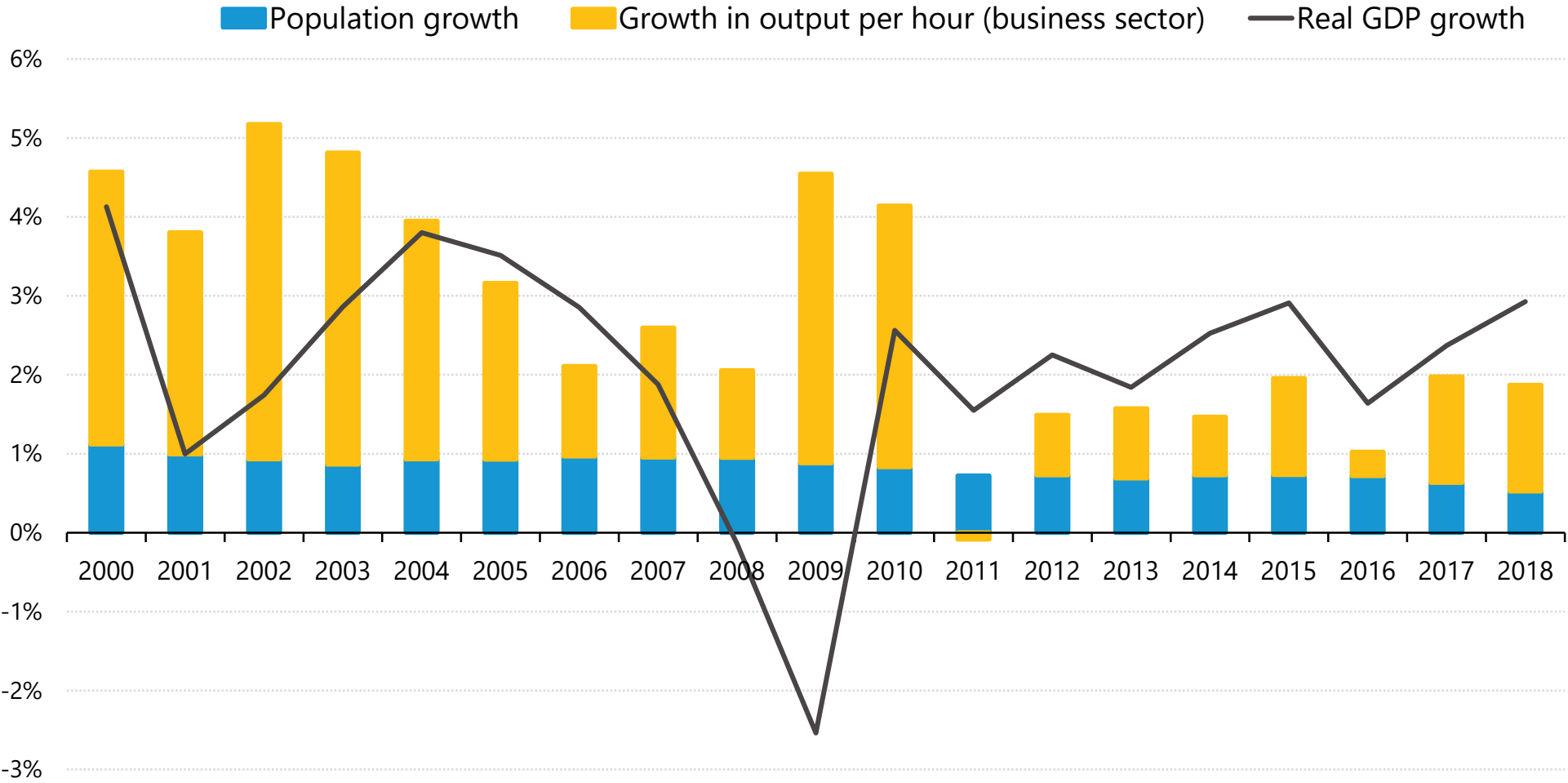


Source: US Census Bureau.



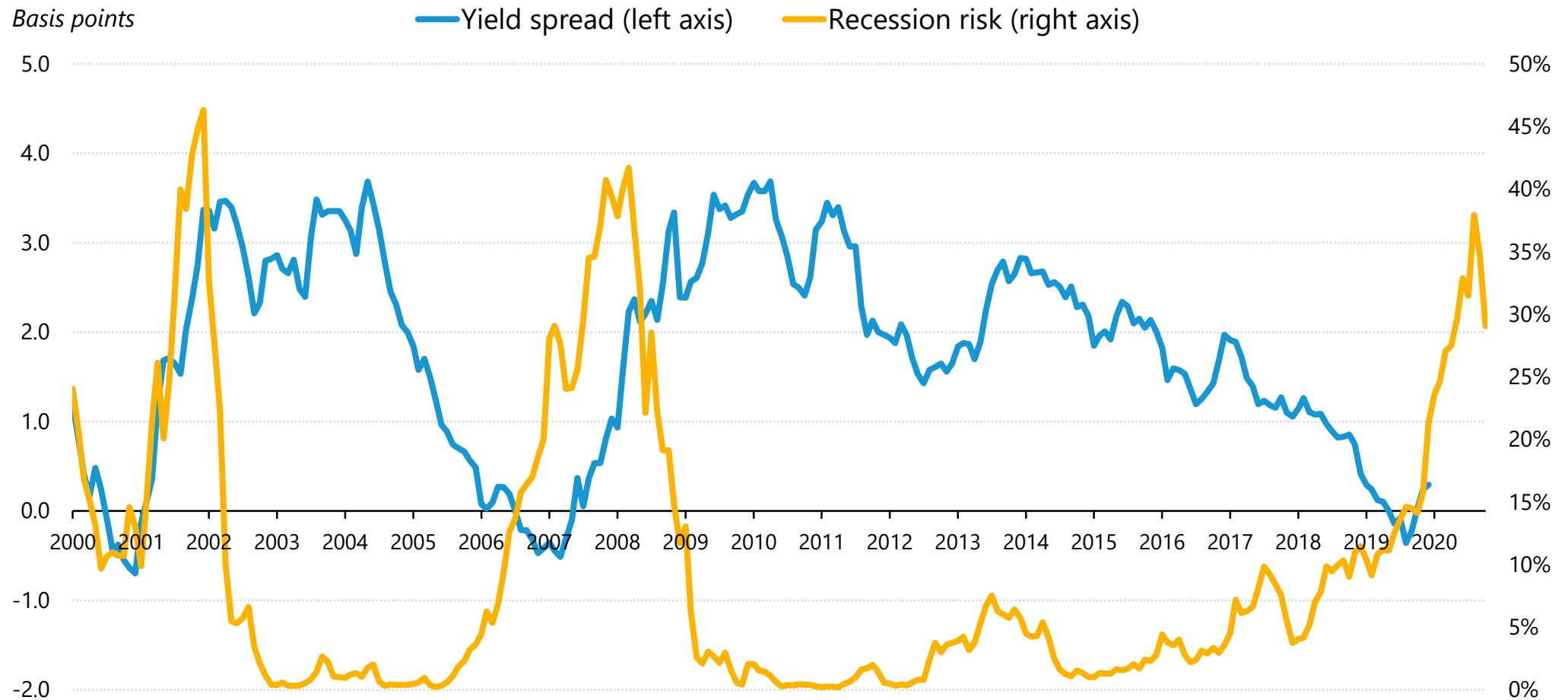
# Outlook Framework

# Population, productivity, and GDP growth, 2000 - present



Sources: US Census Bureau (BOC): Population Estimates, Projections; Bureau of Labor Statistics (BLS), and Bureau of Economic Analysis.

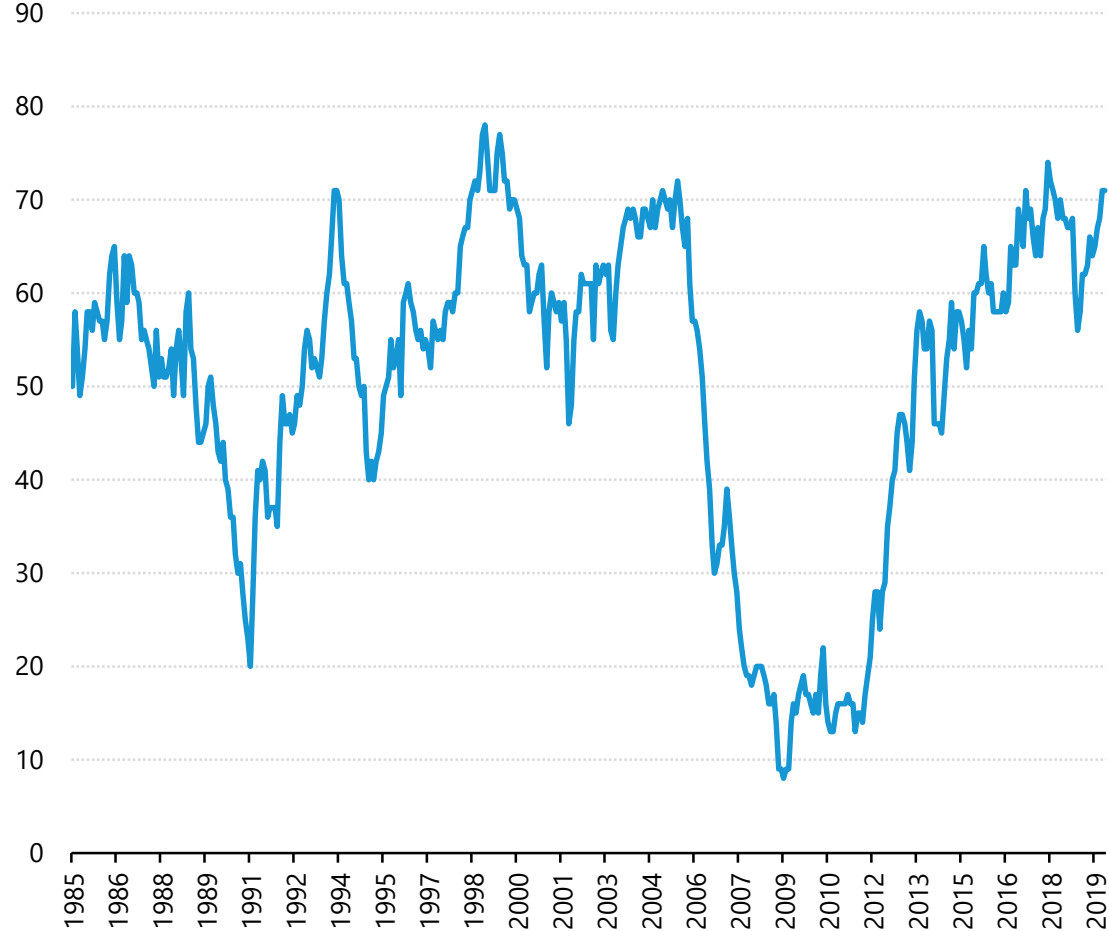
# Yield spread (10-Year Treasury minus 3-Month Treasury) and recession risk



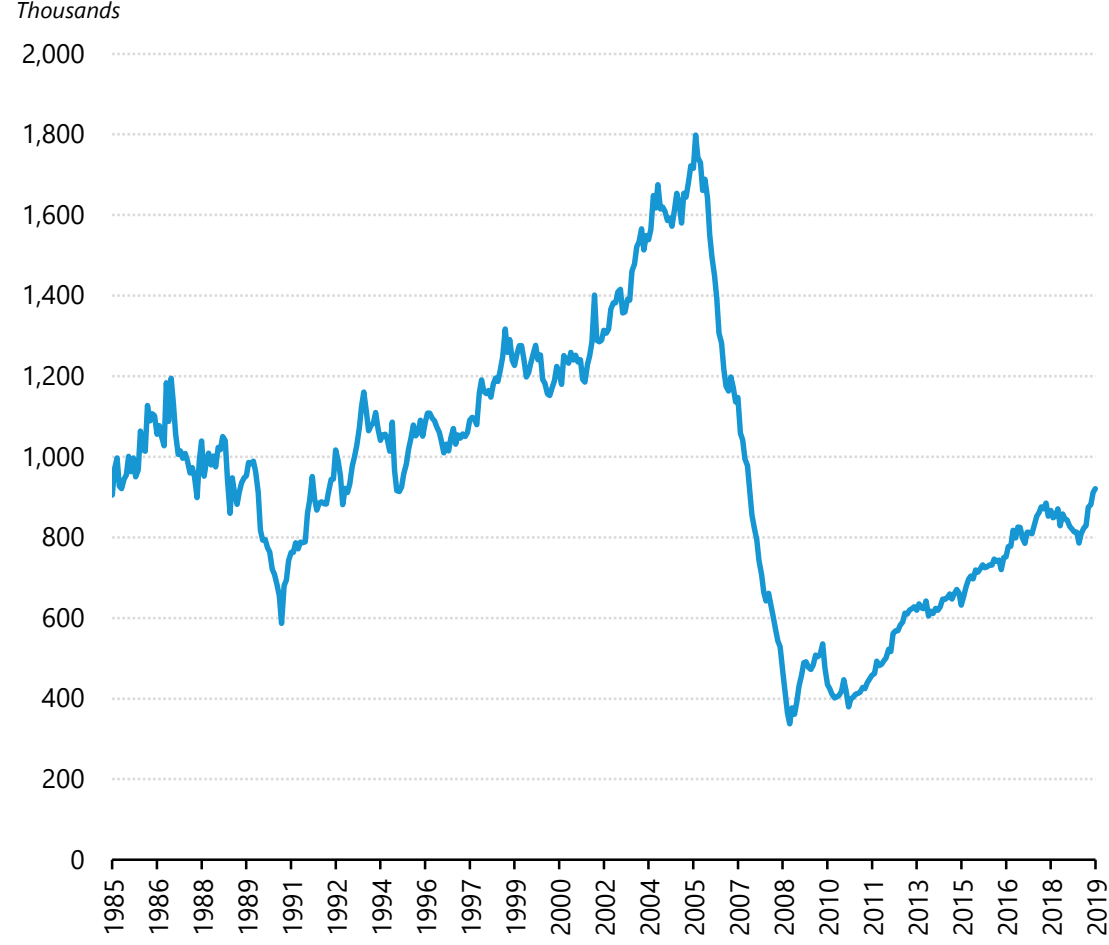
Sources: US Federal Reserve.

# Housing Market Index and Single-Family Housing Permits

### NAHB Housing Market Index



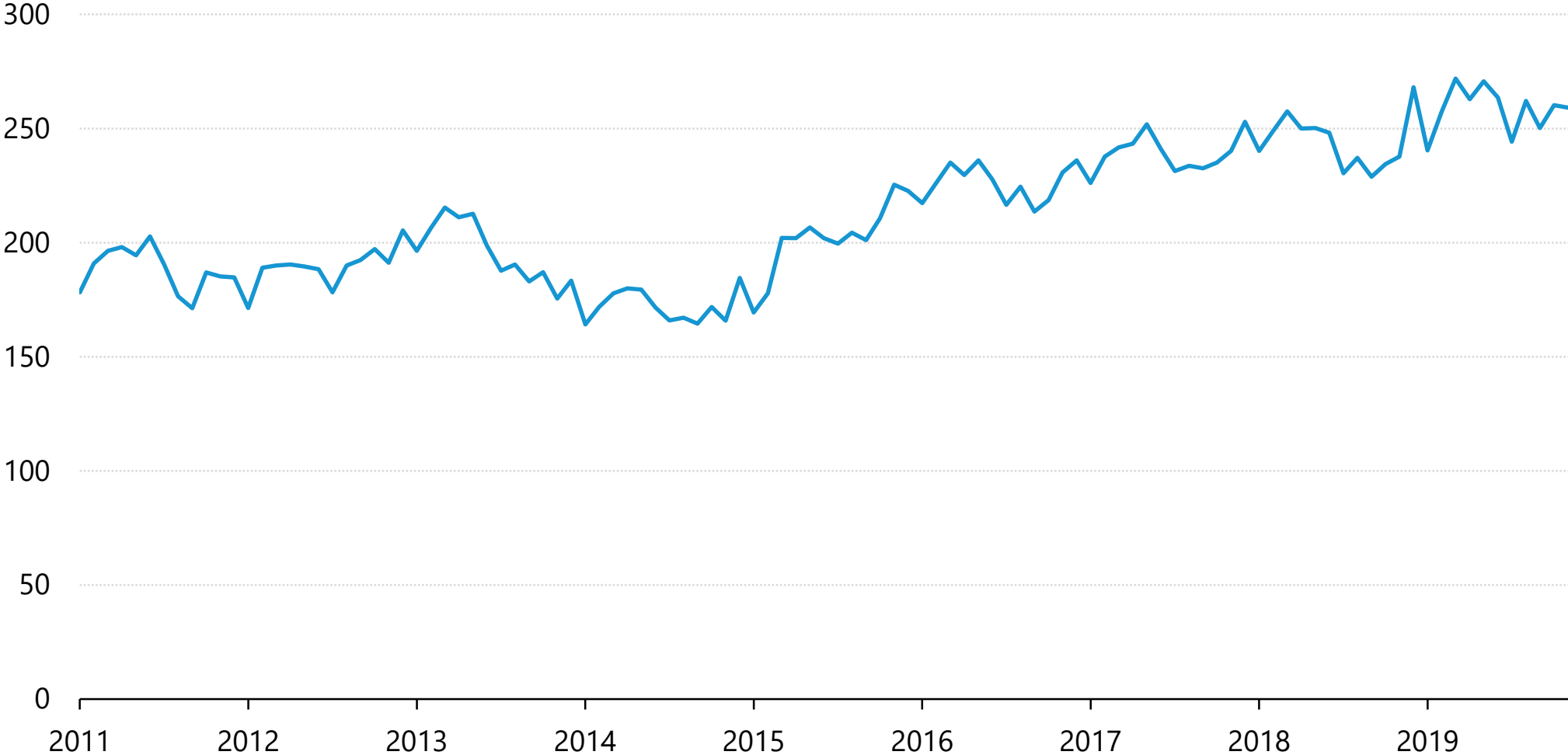
### Single-Family Housing Permits



Sources: National Association of Home Builders (NAHB): Builders Economic Council Survey; US Census Bureau.

# MBA Applications Survey: Purchase mortgage applications index

Index, March 1990 = 100



Sources: Mortgage Bankers Association (MBA): Weekly Mortgage Applications Survey – 75% sample.

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[www.urban.org/center/hfpc](http://www.urban.org/center/hfpc)

The screenshot displays the Housing Finance Policy Center website. At the top, the navigation bar includes links for About, Staff, Publications, Projects, Events, Urban Wire Posts, In the News, and a More dropdown menu. A blue button for 'SUPPORT URBAN INSTITUTE' is located in the top right corner. The main content area features a large line chart titled 'Housing Finance at a Glance: March'. The chart shows two data series, one in blue and one in yellow, with a significant dip in the yellow series. Below the chart is a navigation arrow. The 'LATEST WORK' section contains three items: a Working Paper titled 'What Fueled the Financial Crisis?' by Laurie Goodman and Jun Zhu (dated April 4, 2018), an Urban Wire Post titled 'Where can renters afford to buy homes?' by Laurie Goodman and Jun Zhu (dated March 20, 2018), and a Research Report titled 'Housing Affordability: Local and National Perspectives' by Laurie Goodman, Wei Li, and Jun Zhu (dated March 20, 2018).

# Mortgage Insurance Share Growing Largely Due to PMI

## Purchase

	% of loans with mortgage insurance	% of All Insured Loans				Loan Size (\$ thousands, avg.)		
		PMI	FHA	VA	All	PMI	FHA	VA
2013	60.4	37.8	45.2	17.0	100	220.3	179.1	234.0
2014	62.6	41.2	39.9	18.9	100	218.2	177.7	236.4
2015	66.3	38.0	44.5	17.4	100	226.7	190.6	245.2
2016	67.2	40.5	42.2	17.3	100	234.0	197.7	254.2
2017	66.2	43.4	39.0	17.6	100	237.2	204.6	262.6
2018	66.7	47.7	34.7	17.6	100	244.1	209.0	269.5
1H 2019	69.3	47.8	34.4	17.8	100	256.1	216.5	277.5

Sources: Urban Institute.

## Comparison of Credit Characteristics

	PMI		FHA		VA		GSE non-PMI		Other	
	First-time	Repeat	First-time	Repeat	First-time	Repeat	First-time	Repeat	First-time	Repeat
Loan amount (\$ thousands)	229.2	270.2	204.6	225.5	246.0	297.6	241.7	256.1	142.9	163.0
FICO score	733.3	745.0	670.6	676.8	699.2	728.0	743.0	759.3	696.5	709.7
LTV (%)	94.3	92.5	95.6	94.0	99.8	96.3	73.9	69.5	99.2	99.1
DTI (%)	37.7	38.9	43.3	44.3	41.0	42.3	35.0	35.9	35.2	35.9
Note rate (%)	4.9	4.8	4.9	4.8	4.7	4.5	4.7	4.6	4.7	4.7

Sources: Urban Institute.