Hurdles to Homeownership: Understanding the Barriers

Kenneth T. Rosen

Sustainable Homeownership Conference

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U.S. Homeownership Rate

Peak     Historical Average     Current
69.2% 65.3% 63.6%

Note: Data not seasonally adjusted, latest data as of 1Q17
Source: Census
Hurdles to Homeownership

- Tight Mortgage Credit Conditions
- Post-Foreclosure Lending Aversion
- Student Debt Burden
- Post-Foreclosure Stress Disorder
- Affordability
- Supply Barriers
Change in Private Debt Balances since Q4 2007

Billions


-1,300 -1,100 -900 -700 -500 -300 -100 100 300 500 700 900 1,100 1,300

Mortgages
Auto Loans
Credit Cards
Student Loans
Total

+796 bil.  +352 bil.  -75 bil.  -474 bil.

Note: Latest data as of 1Q17
Sources: FRBNY Consumer Credit Panel/Equifax, RCG
Fannie Mae GSE FICO Scores

Average FICO

Note: Latest data as of 1Q17
Sources: Inside Mortgage Finance, FNMA
Share of Total Mortgage Origination by Credit Score

Sources: Federal Reserve Board of New York, RCG
FHA Share of Purchase Mortgage Origination Volume

Note: Latest data as of 1Q17
Source: HUD
Impact of Regulation on Banks

- 55% No Negative Impact
- 22% Moderate Negative Impact
- 18% Extreme Negative Impact
- 5% Small Negative Impact

Note: Data is from a 2017 survey of 159 banks
Source: American Banker’s Association
Primary Drivers of Increased Compliance Costs

- Time Allocation
- Personnel Costs
- Technology Costs
- Costs for Third-Party Vendors
- Loss of Efficiency
- Customer Loss - Lengthy Approval
- Customer Loss - Complex Approval
- Loss of Profitable Business Lines
- Other

Note: 2017 survey of 159 banks
Source: American Banker's Association
Share of Borrowers with $50,000+ in Student Debt Loan

Source: Federal Reserve Board of New York Consumer Credit Panel
Share of Renters Who Would Like to Own a Home at Some Point

Note: Latest data as of March 2017
Source: Freddie Mac
Share of Renters Who Can Afford to Own, Yet Continue to Rent

Note: Latest data as of March 2017
Source: Freddie Mac
Housing Affordability
United States and Bay Area

% Able to Afford Median-Priced Home

Note: RCG Universe of MSAs; latest data as of 1Q17
Sources: RCG, CAR, NAR, FAR, Census
Existing Median Home Price Appreciation - United States

Annual % Change

Note: Latest data year-over-year as of April 2017
Sources: NAR, RCG
U.S. Existing Single Family Housing Inventory

Units (Millions)

Note: Latest data as of April 2017
Source: NAR
U.S. Single Family Housing Starts

Units (Millions)

Sources: Census, RCG