



Wednesday, September 23, 2020

Renters and Rental Market Crisis Working Group

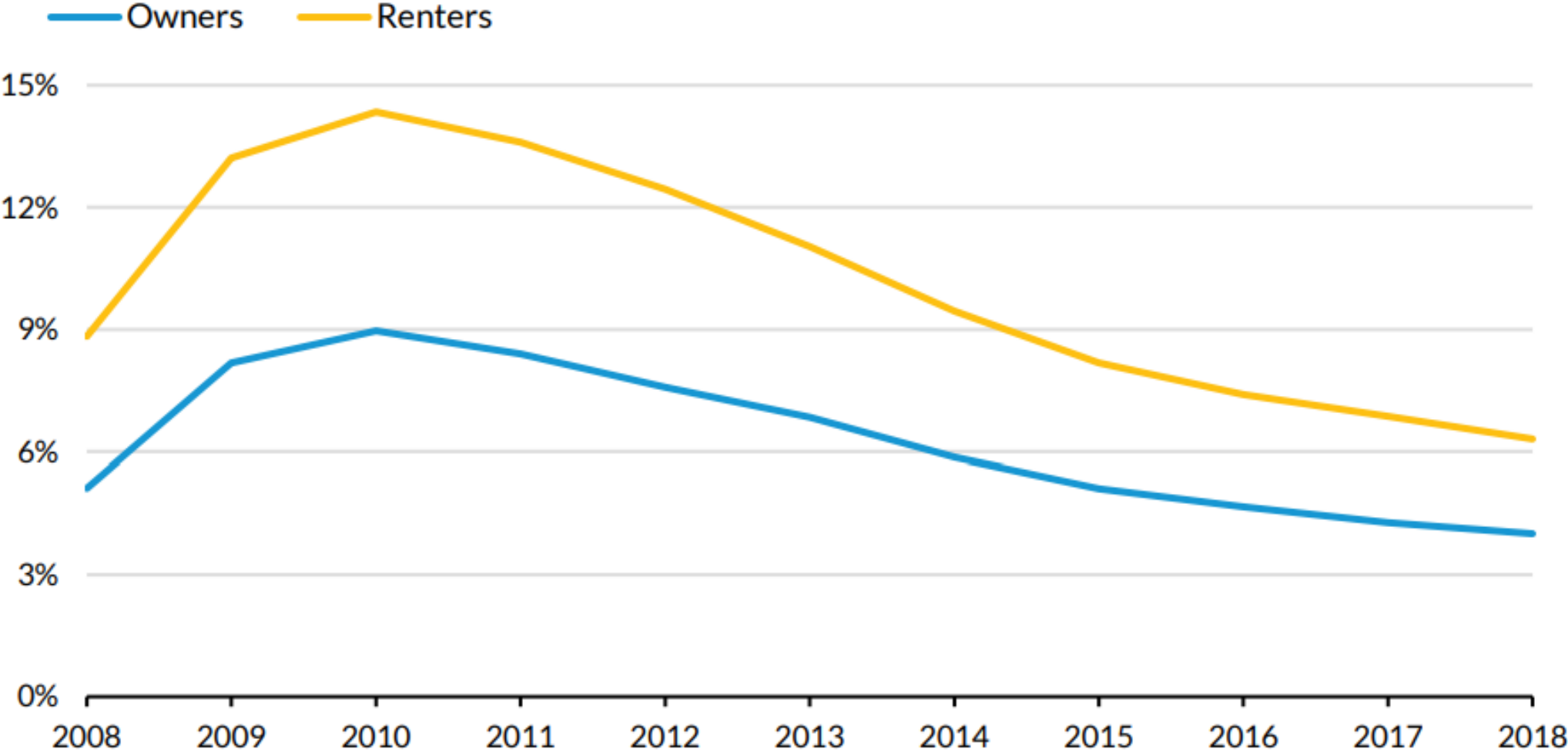


COVID-19, the Housing Market, and Federal Policy

Laurie Goodman
Co-Director, Housing Finance Policy Center
Urban Institute

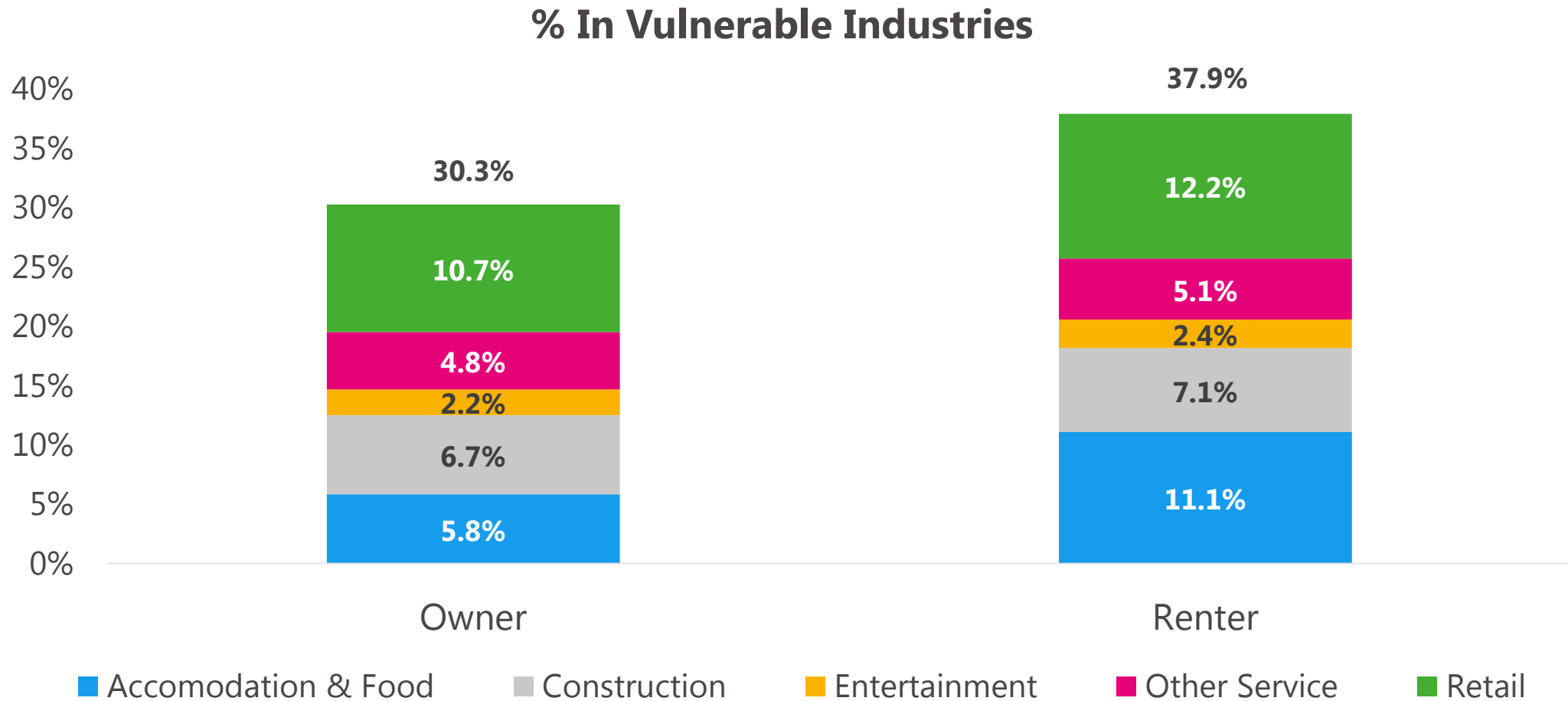
Rental Crisis Working Group
September 23, 2020

Unemployment Rate by Housing Tenure



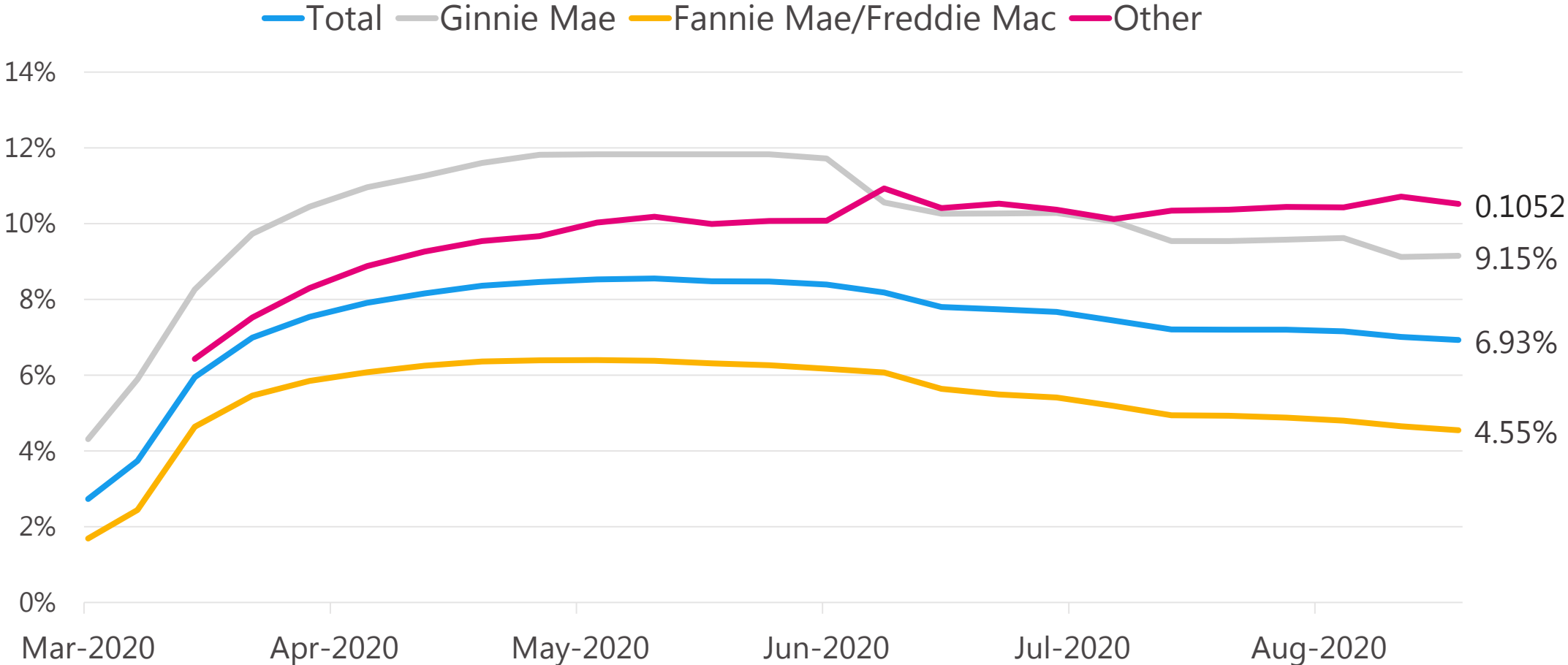
Source: American Community Survey.

Homeowners are Less Likely to Work in the Five Most Vulnerable Industries



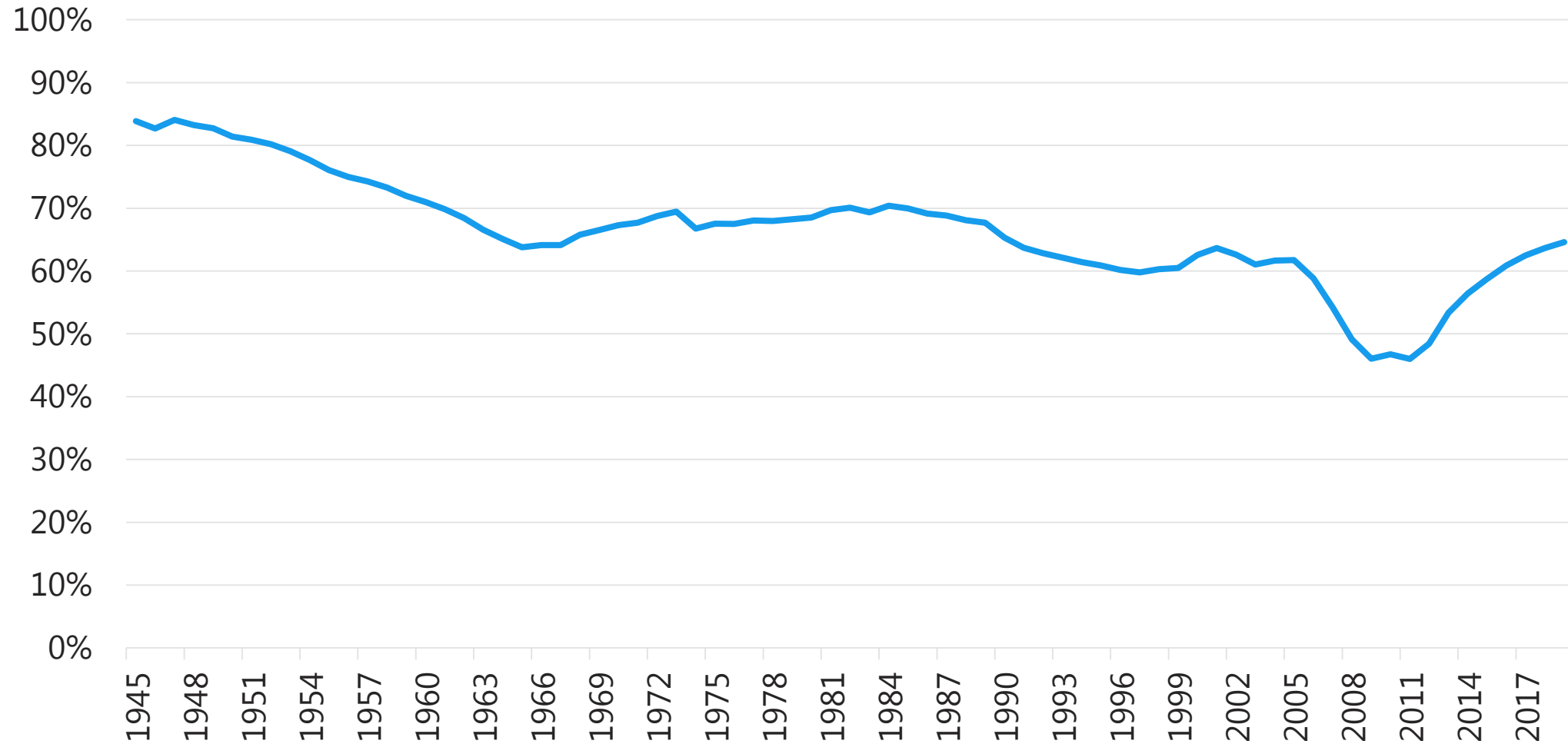
Note: The sample includes all individuals in the labor force.

MBA Forbearance Estimate



Source: Mortgage Bankers Association.

Owner's Equity in Real Estate/Value of Household Real Estate

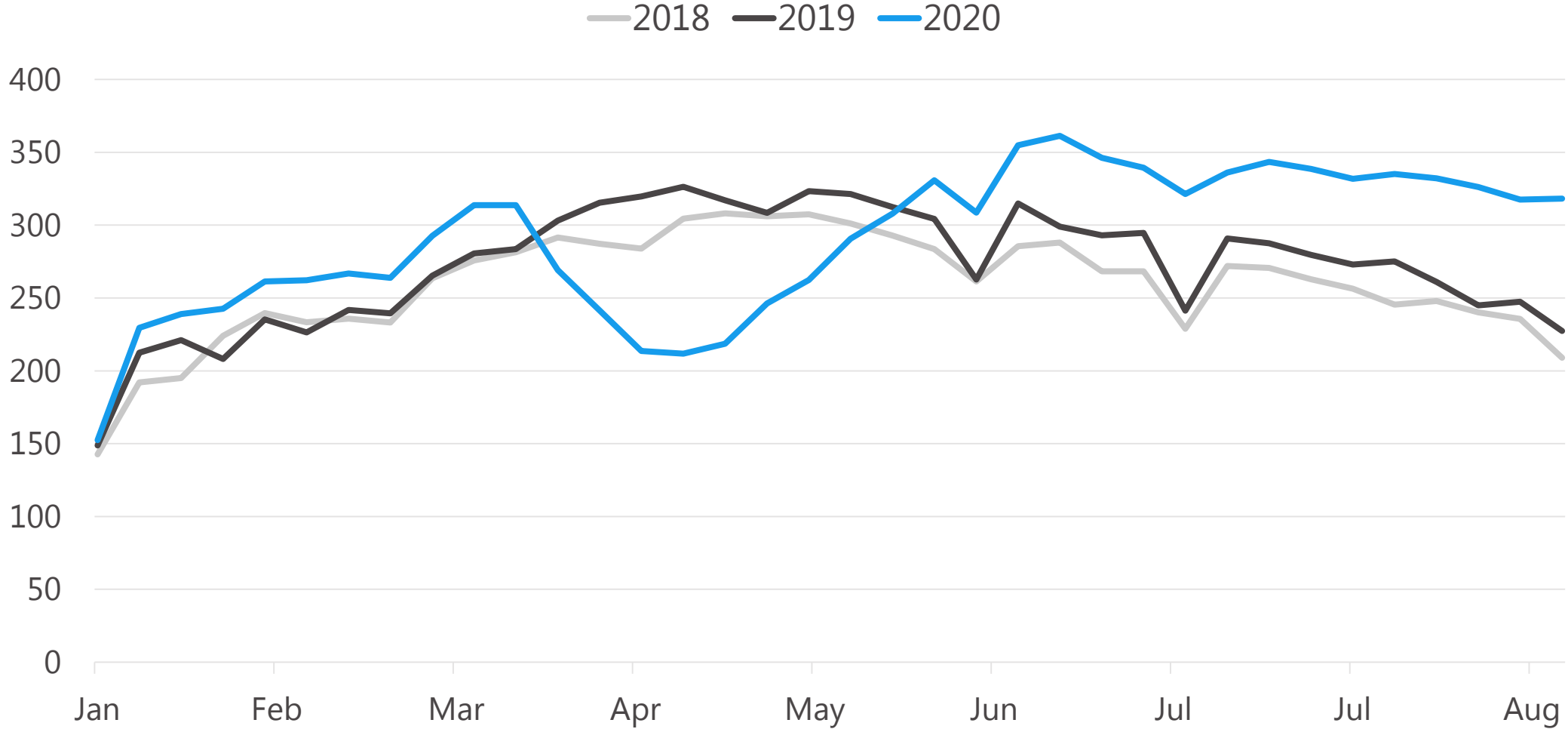


Source: Federal Reserve Bank of St. Louis.

Lessons Learned from 2008

1. Act fast—be willing to deal with a small amount of moral hazard in order to avoid disastrous effects. The GSEs and HUD had already announced more flexible forbearance and modification policies in advance of the passage of the CARES Act.
2. Standardize to the extent possible.
 - Making Home Affordable programs—standardized modifications through the Home Affordable Modification Program; foreclosure alternatives through the Home Affordable Foreclosure Alternatives
 - Only 1.7 million borrowers received HAMP modifications; an additional 6.7 million borrowers received proprietary modifications, many modeled on HAMP
3. When these programs end, make them permanent so they are there when you need them.
 - FHA HAMP continues; the GSE FlexMod Program is more streamlined than GSE HMAP
 - Two early intervention tools, repayment plans and forbearance has been standardized, and were in place for natural disasters as well as COVID-19
4. Lost opportunity: Streamlined refinancing—current programs are very limited.

MBA Purchase Applications Index



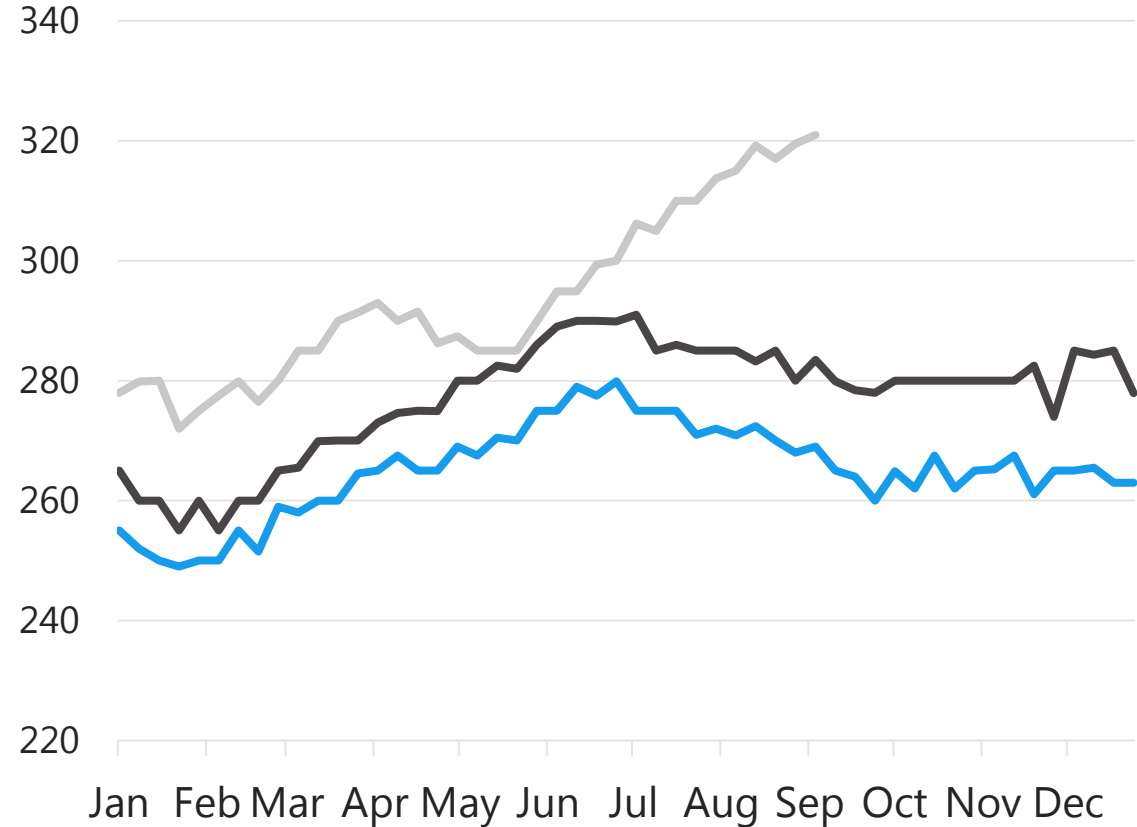
Sources: Mortgage Bankers Association (MBA) Weekly Mortgage Applications Survey.

Median Home Sale Price

Median Home Sale Price

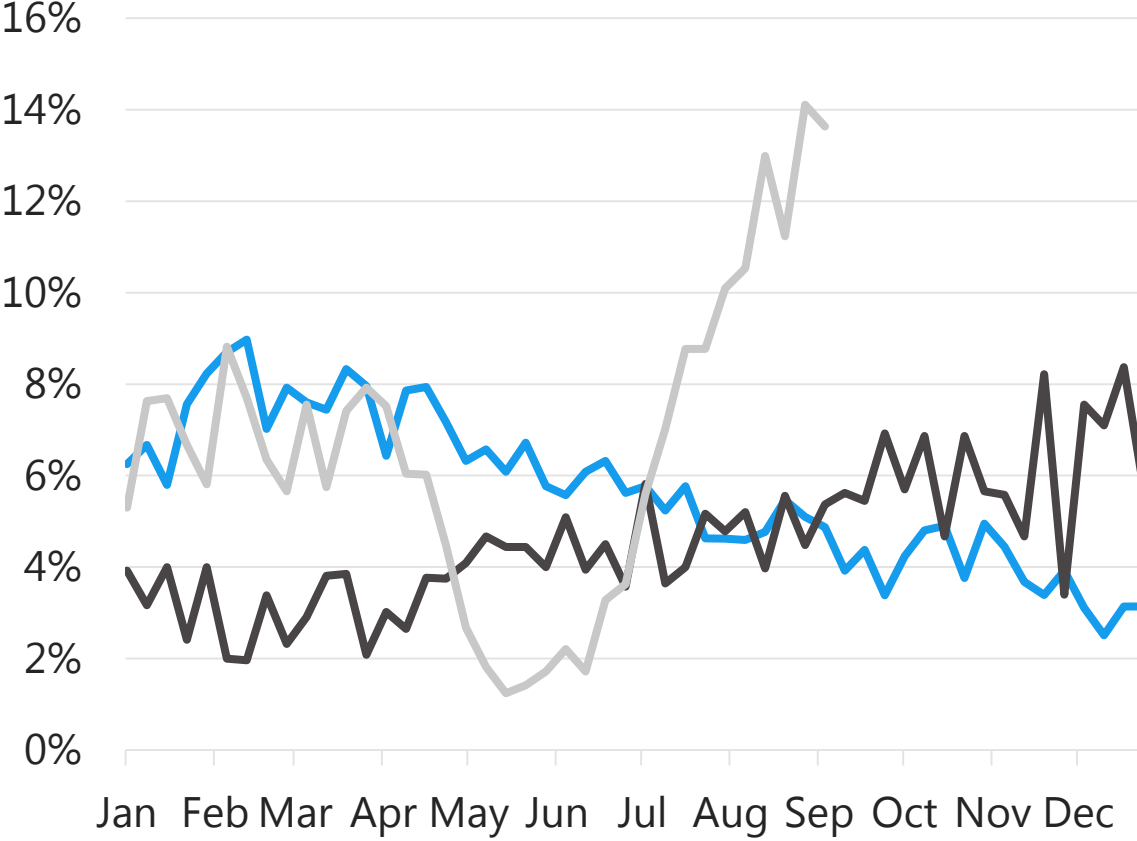
(\$, thousands)

— 2018 — 2019 — 2020



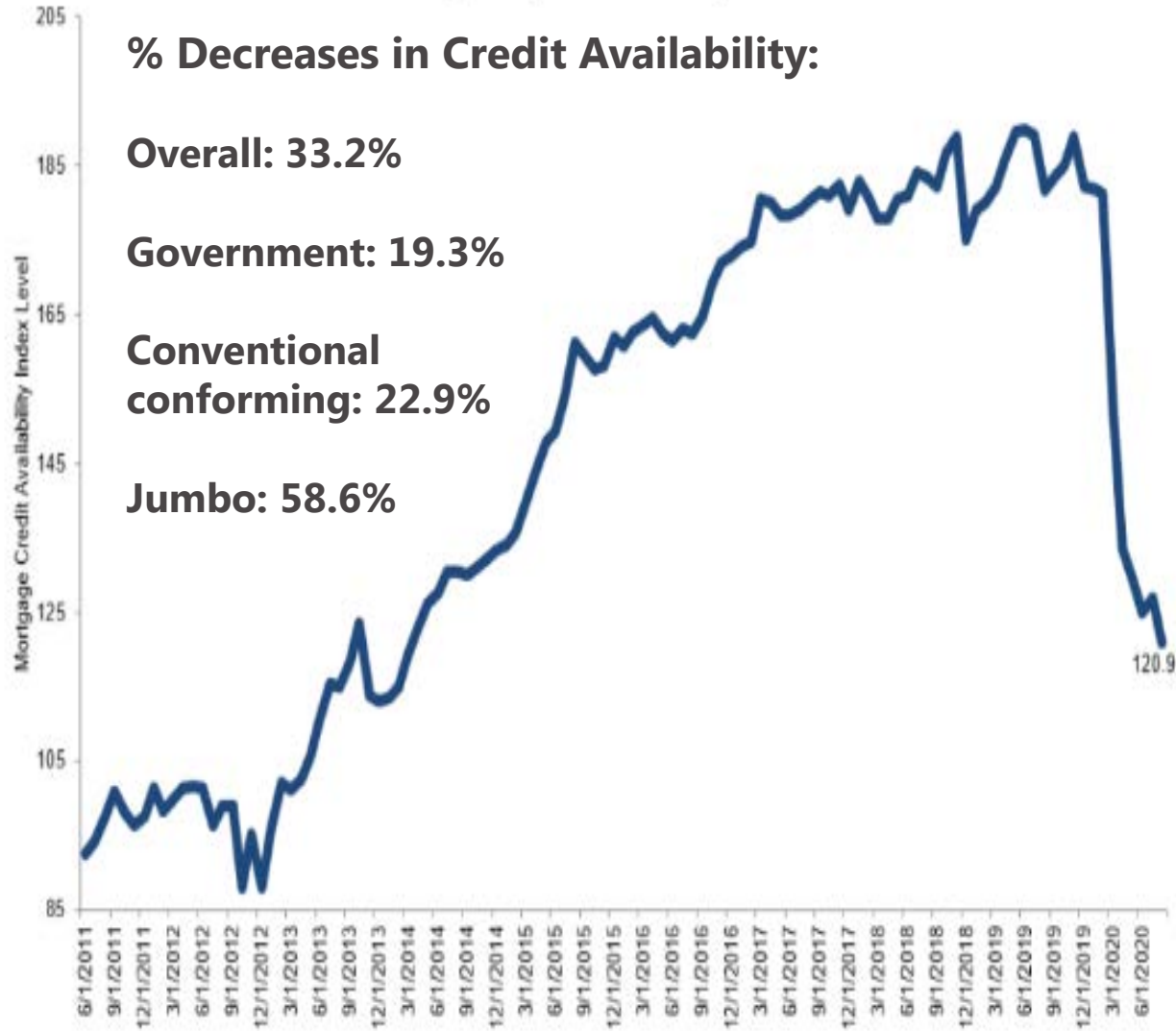
Year-Over-Year Change

— 2018 — 2019 — 2020

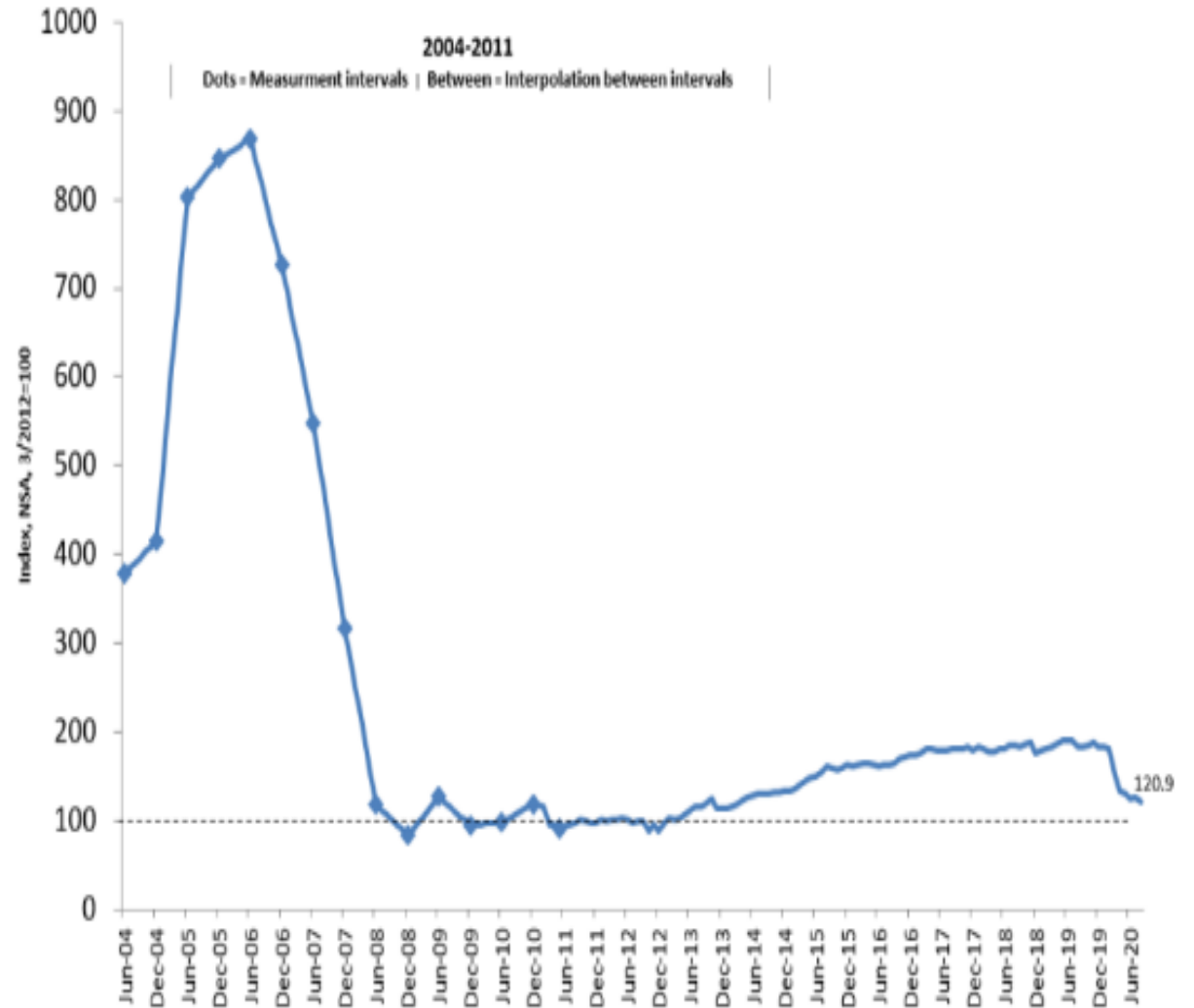


Sources: Redfin, Urban Institute calculations.

Mortgage Credit Availability Index, Index Level by Month (NSA, 3/2012=100)



Mortgage Credit Availability Index (NSA, 3/2012 = 100) Expanded Historical Series



Source: Mortgage Bankers' Association.

The Mortgage Credit Box: Already Tightening Going into COVID-19, Accelerated by the Virus

(% of mortgages with designated characteristics)

	Ginnie Mae Purchase	Ginnie Mae Refi	Fannie Mae Purchase	Fannie Mae Refi	Freddie Mac Purchase	Freddie Mac Refi
% FICO < 700						
Jan, 2019	65.2	70.2	17.9	29.3	14.5	23.5
Jan, 2020	61.6	65.6	13.9	14.8	12.3	16.2
August, 2020	58.7	61.7	11.8	8.9	11.1	10.0
% FICO < 700; DTI > 40						
Jan, 2019	44.2	38.5	9.2	13.6	6.4	9.0
Jan, 2020	38.0	12.8	5.9	6.3	5.0	6.6
August, 2020	36.1	4.9	4.5	3.1	4.1	3.4

Source: Urban Institute calculations from eMBS data.

FICO, DTI and LTV by Race/ethnicity (2019 originations)

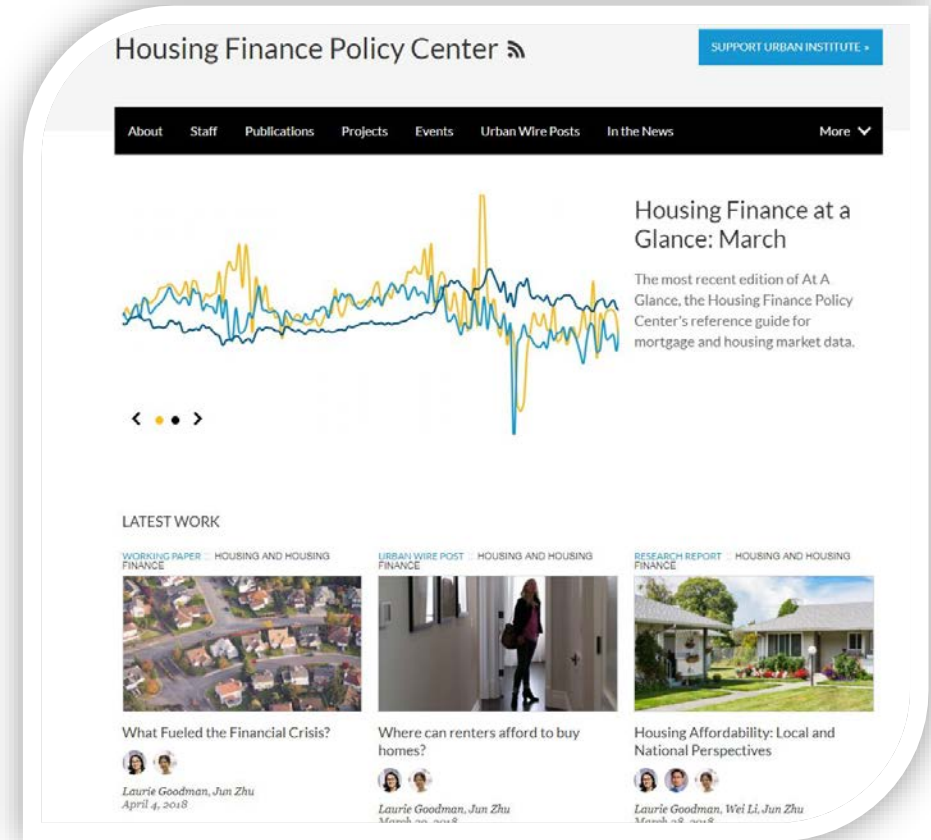
Borrower Race/Ethnicity	FICO score	Median CLTV, purchase mortgages	Median CLTV, refinance mortgages	Debt-to-income ratio
Non-Hispanic White	752	90	74	36
Hispanic White	714	96.5	74.2	41
Black	694	96.5	79.6	41
Asian	763	80	70	38
Other	723	96.5	75	40
Total	746	90	74	37

Source: Urban Compilation from "Introducing New and Revised Data Points in HMDA", Consumer Financial Protection Bureau, August 2020.

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- Download our monthly Housing Finance at-a-glance Chartbooks
- **Follow the work of our team on Twitter:**
 - @MortgageLaurie: Co-VP Laurie Goodman
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Check the Housing Finance Policy Center [website](http://www.urban.org/center/hfpc) regularly:
www.urban.org/center/hfpc





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The Renters and Rental Market Crisis Working Group

September 23, 2020

Faith Schwartz Perspective

Trends Homeownership v Rental (Multifamily)

2008-2009 Housing Crisis Compared to 2020 COVID-19 Crisis



Housing Finance Strategies

ALL THINGS HOUSING

Goal for today's presentation:

- Share HOPE NOW experience for context in current state
 - Compare 2008-2009 Housing Crisis to 2020 COVID-19 Crisis
 - Unemployment
 - Unemployment by sector
 - Federal action
 - National coordination of CARES Act
 - Election Year Driving Stimulus Drought
 - Post election clarity
 - Anticipate active lame duck session

Lessons Learned from Housing Crisis Applied to COVID-19 Crisis

2008-2009 Housing Crisis

- Housing crisis leading to recession
- Disproportionately affected homeowners
- Private industry and Government created partnership
- Making Home Affordable suite rolled out
- Unemployment rose less in two years than it did in three months of COVID-19
- Communication, Data and Reporting drove slow but steady success
- Congressional oversight created pressure and opportunity

2020 COVID-19 Crisis

- Health crisis leading to rental housing crisis
- Unemployment shocked system
- Duration of health crisis remains unknown
- Congress passed CARES Act
 - Housing assistance created simple, easy to access liquidity for impacted home owners for 12 months
 - Distressed homeowner awareness campaign being coordinated today for proposed October distribution
 - Arrearage terms established
 - Not ideal for all borrowers but fair for Government backed loans
 - Housing assistance for impacted renters opaque
 - Renters have multiple barriers to assistance
 - Uncertainty regarding arrearage
- Unemployment impacting renters disproportionately while federal UI 'add-on' largely ended in July with millions of renters at risk of eviction and homelessness
- Meanwhile +\$100 billion in unallocated CARES Act relief funds not centrally coordinated

Lessons Learned to Apply to Rental Housing Crisis

- Need communication, data and reporting established on national centralized basis
- Creating similar HOPE NOW public awareness campaigns must be created now for at risk renters and Multifamily property owners (this voluntary effort is underway for at risk homeowners)
- FHFA must lead and be held to account:

“While the single-family forbearance program was modeled on prior disaster response efforts, the nationwide multifamily forbearance programs with tenant protections were developed from the ground up. After putting these programs in place, FHFA directed the Enterprises to create online lookup tools that allow renters and borrowers to determine whether either of the Enterprises own or guarantee the mortgage on the property where they live and therefore whether they are eligible for eviction protection or forbearance.” Calabria, 9/14/20 HFSC:
<https://financialservices.house.gov/uploadedfiles/hhrg-116-ba00-wstate-calabriad-20200916.pdf>
- Innovative CDC ‘Eviction’ Guidance must be followed with Stimulus funding in the next COVID package



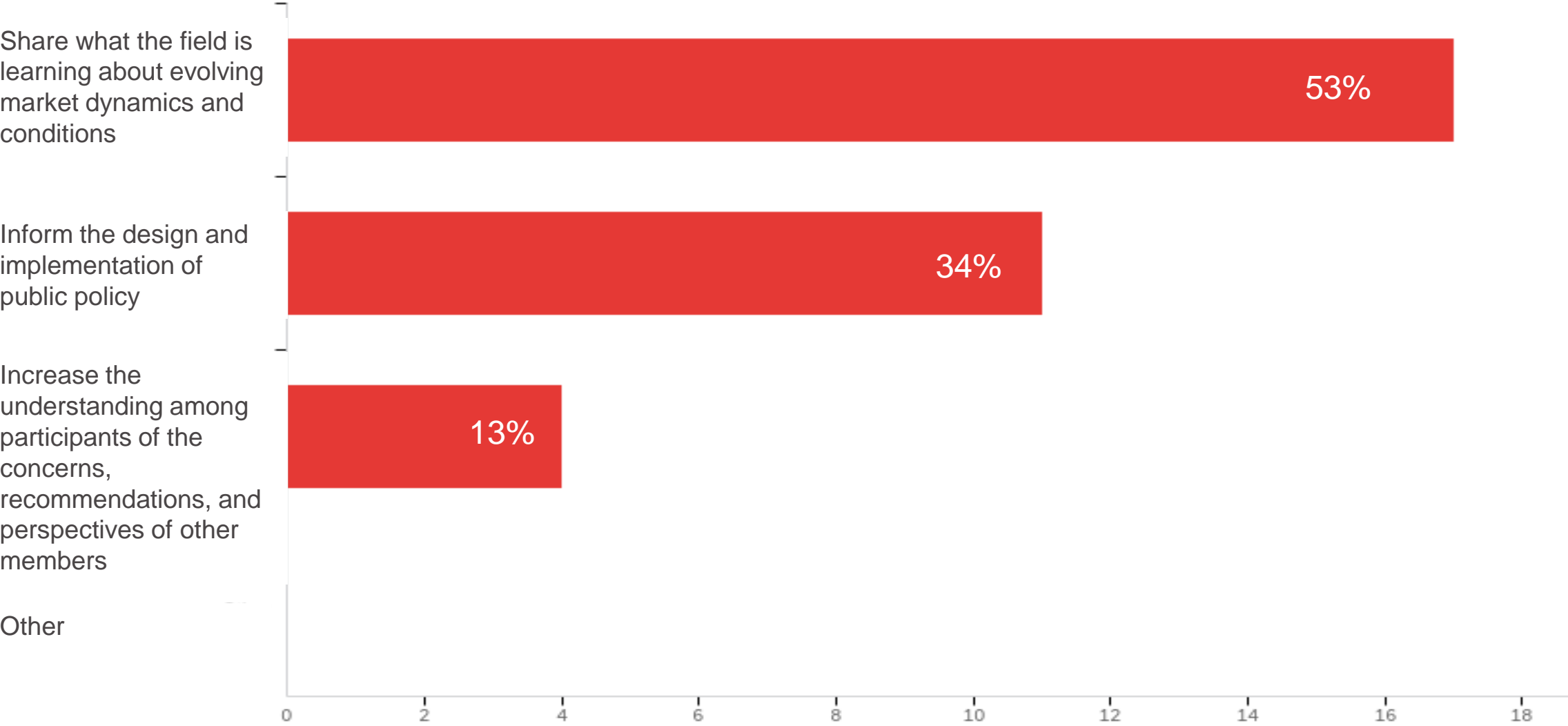
Wednesday, September 16, 2020

Renters and Rental Market Crisis Working Group

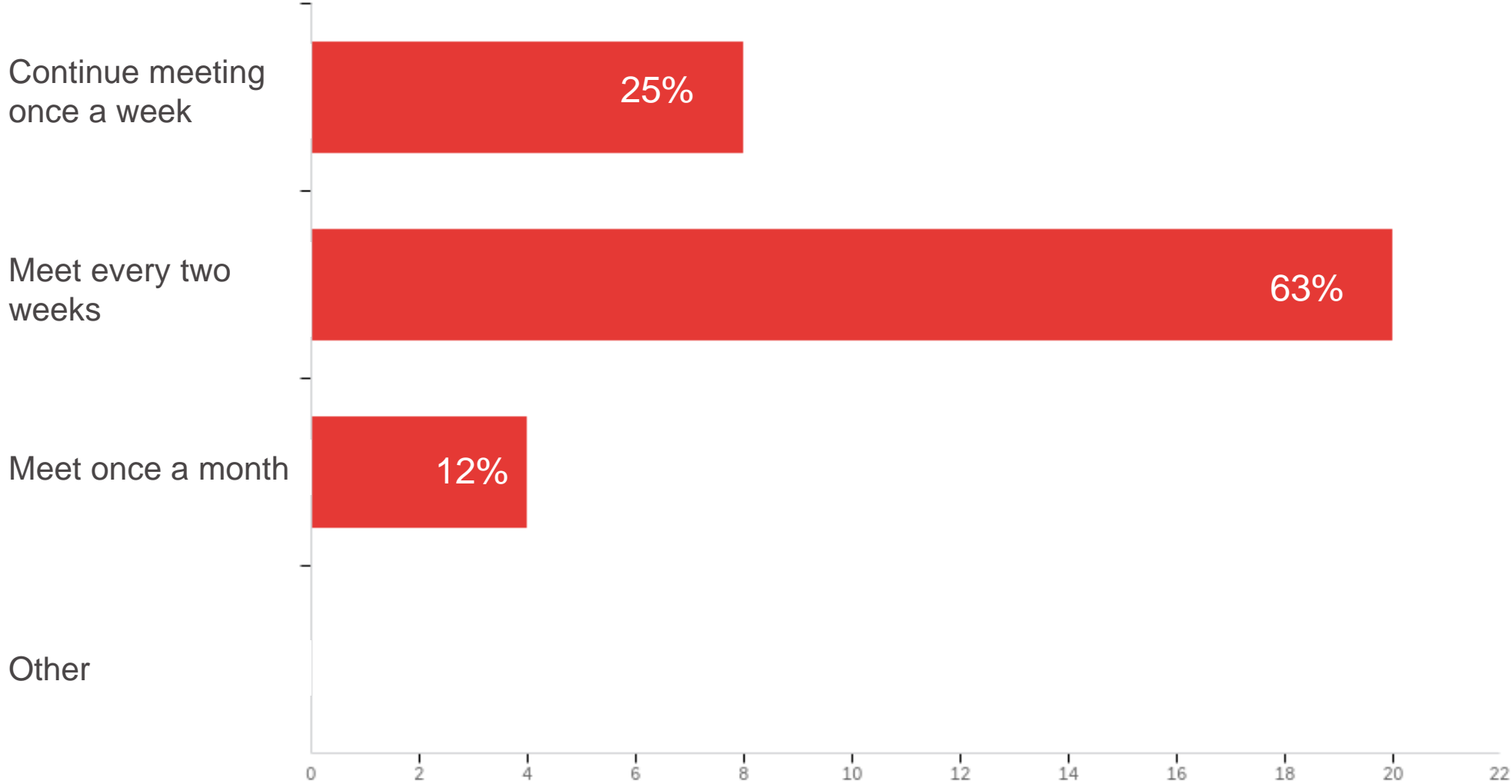
September 2020

Results from the RCWG survey

What do you see as the main value of the Renters and Rental Market Crisis Working Group?



Going forward in the fall, how frequently would you like the group to meet?



Are there any topics that you'd like us to feature more prominently in our programming? If so, which topics?

- Lifting up **state and local work** across various types of communities (community responses to eviction, models of rental assistance/eviction prevention, tenant protection, CDFI responses and trends)
- **Lessons learned from the last crisis** and proactive policy responses
- **Homeownership market**, changing housing patterns related to COVID-19
- **Capital market** aspects of the rental housing crisis
- Impact on **public, assisted and LIHTC properties**
- **Racial disparities**
- More data on rent collection, foreclosure and eviction, as well as default rates on rental properties

Next steps

- Shifting to a **biweekly schedule** for working group and subgroup meetings beginning in October
 - First meeting in October on 10/14 and biweekly after
- **In addition to emergent issues, focus on:**
 - State and local impacts and implementation efforts
 - Lessons from the previous crisis and potential national policy solutions (starting today)
 - Capital market aspects of the rental housing crisis
- Subgroup effort to **create a forward-looking essay series on response and recovery**



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