



RESEARCH REPORT

Student Loan Borrowers and Home and Auto Loans during the Pandemic

An Assessment of Credit Bureau Data

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February 2022

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Acknowledgments

This report was funded by the Bill & Melinda Gates Foundation . We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at urban.org/fundingprinciples.

We thank Sandy Baum and Jung Hyun Choi for their thoughtful feedback on earlier drafts of this work and Tomás Monarrez and Erica Blom for their comments on early findings. We thank Carina Chien for her excellent and thorough code review.

Student Loan Borrowers and Home and Auto Loans

All Americans have experienced substantial changes during the COVID-19 pandemic. In response to disruptions to work, school, and home life, policymakers have put most federal student loans on pause until May 1, 2022, affecting roughly 24 million people.¹ How did this unprecedented pause in student loan payment affect borrowers' finances? In this report, we provide a descriptive look at changes in the likelihood of obtaining a first mortgage or auto loan for student borrowers (compared with nonborrowers) during the pandemic. We find a substantial increase in first-time homebuying among student loan borrowers during the pause, relative to nonborrowers. This increase persists even after controlling for age, credit score, and zip code characteristics.

These results stand in contrast to the 2008 recession, when homeownership rates tended to slow more for student loan borrowers than for nonborrowers. Our descriptive results suggest the need for a careful evaluation of the effect of the pandemic student loan pause on borrowers' finances, homebuying, and wealth. During this period, borrowers experienced not only the student loan pause but also the risk of COVID-19 infection, the effects of isolation from others, and disruptions to employment and workplace environments. In addition to the student loan pause, policies such as federal stimulus payments, expanded Supplemental Nutrition Assistance Program benefits, and increased unemployment benefits during the pandemic may have stabilized, or improved, borrowers' financial standing. Some low-income borrowers who were in school or finishing school during the pandemic also benefited from federal emergency aid distributed by their campus (Goldrick-Rab et al. 2021).

Student Loan Borrower Experiences during the Pandemic

Evidence of the effects of the pandemic on student loan borrowers is still emerging. As a result of the pause on most federal student loan repayment, total student loan debt held by borrowers in the US increased by 12 percent between 2019 and late 2020, about double the average increase between 2015 and 2019.² New federal student loan volume in fall 2020 was lower for undergraduate loans and for Parent PLUS loans but slightly higher for graduate loans.³ Urban Institute analysis of credit bureau data shows that the student loan pause improved credit scores among student borrowers four months after the pause but did not reduce the financial distress of borrowers relative to nonborrowers when examining the share of borrowers with other types of debt.⁴

Unlike after the first round of stimulus payments in April and May 2020, many borrowers reported using stimulus payments in January 2021 to pay down various types of debt, including student loan debt.⁵ Those most likely to struggle with paying down their student debt, such as individuals who started college but did not complete a degree, were hit particularly hard economically by the pandemic and were more likely than others to use their stimulus payments to pay down credit card, student loan, or other debt.⁶

Evidence on Mortgage and Auto Loans for Student Loan Borrowers

Because of the differences between student loan borrowers and nonborrowers, and the growing share of students who borrow, it is difficult to assess the relationship between holding student loan debt and owning a home. Student debt can depress a person's ability or willingness to own a home because of the additional mortgage debt burden they would have to take on. Borrowers may be worried about the effect of additional debt on wealth accumulation (Ratcliffe and McKernan 2013) and may subsequently delay buying a home.⁷ In addition, mortgage lenders look at prospective homeowners' debt-to-income ratio when considering lending applications, and high levels of student loan debt may increase the ratio beyond eligibility for commercial or Federal Housing Administration loans (Mishory and O'Sullivan 2012).

At the same time, attainment of an undergraduate or graduate degree is associated with average increased earnings over a lifetime, compared with those who do not attain a degree (Blagg and Blom 2018). Borrowers who are more financially stable as a result of their college education may be more likely to own a home, relative to a counterfactual scenario in which they did not borrow but also did not attain a degree (Dynarski 2016).⁸ In addition to the challenge of determining an appropriate counterfactual scenario, the dynamics of homeownership among those with student loan debt is complex. For example, those with higher levels of undergraduate student debt (\$30,000 to \$50,000) are more likely to buy a home (because high levels of debt tend to indicate attainment of a degree), but when looking only at those with a bachelor's degree, those with high debt are less likely to buy a home than those with low debt or none at all (Mezza et al. 2020).

The homeownership rate at around age 30 has generally been higher among student loan borrowers, relative to nonborrowers, since the early 2000s. But borrowers did see a steeper drop in homeownership rates during and after the 2008 financial crisis.⁹

Some researchers have attempted to make sense of the complex relationship between student debt and homeownership using causal methods. Using in-state public college tuition rates as an instrument, Mezza and colleagues (2020) find a negative relationship between student debt level and homeownership rate for borrowers around age 25, showing that a \$1,000 increase in student debt delays homeownership by about four months, on average. Similarly, Houle and Berger (2015a) use a robust set of controls, as well as an instrumental variable approach based on differences in grant aid amounts, and find limited evidence of a causal association between student debt and homeownership. Overall, there is no consensus among researchers on whether, and to what extent, a causal relationship exists between student debt and homeownership.

Brown and Caldwell¹⁰ examine historic levels of auto debt at age 25 for student loan borrowers and nonborrowers, and they find a similar trend to that of homeownership rates. That is, those with student loan debt had consistently higher rates of auto debt before the 2008 financial crisis and then saw a steeper decline between 2008 and 2012 than those without student debt.

Herbst (2020) examines the impact of enrollment in an income-driven repayment (IDR) plan on financial outcomes and finds that auto lending (trades) are less sensitive than mortgages to IDR enrollment, particularly in the short term. This evidence suggests that auto trades may also be less sensitive than mortgages to a pause on expected student loan payments, as both IDR plans and payment pauses are intended to reduce a borrower's monthly payment on student loans.

Evidence on Mortgage and Auto Debt during the Pandemic

The pandemic has led to substantial changes in the housing market. Total mortgage debt increased by 7 percent between 2019 and 2020, the largest increase in at least a decade.¹¹ Home sales did not steadily increase over the course of the pandemic, however, as sales dropped in April and May 2020 before catching back up to and overtaking previous levels during the summer (Gascon and Haas 2020). Liu and colleagues find that the steep increase in housing activity was caused at least in part by lower interest rates, and housing activity could be more sensitive to interest rates than researchers previously believed.¹² A significant factor contributing to the increase in total mortgage debt was an increase in the number of people applying for home loans early in the pandemic, and this surge in applications could have occurred because many of those who did not lose their jobs were suddenly spending less than before.¹³

Unlike student loan debt and mortgage debt, total auto debt between 2019 and the fourth quarter of 2020 grew at about the same rate as in previous years. Although total debt grew at a steady pace,

borrowing rates declined among those with lower credit scores, who were probably affected most by the pandemic.¹⁴ Auto costs fluctuated significantly during the pandemic. Prices for used cars, in particular, dropped significantly early in the pandemic before rebounding later in 2020 and then surging above prepandemic levels.¹⁵

Using Credit Bureau Data to Assess Financial Changes

For our analysis, we use a random 2 percent sample of Americans with a credit record, sourced from one of the three major credit bureaus. We have point-in-time credit data for August of each of the four years leading up to the pandemic, and then we rely on a more frequent set of credit data pulls from February 2020 (i.e., just before the initiation of pandemic-related policy changes), August 2020, February 2021, and August 2021. The credit bureau data provide borrower-level information on the amount of student debt in repayment, deferment, and collections (default), as well as the total amount initially borrowed. We cannot directly identify individuals in the data whose loans have been paused during the pandemic. But given that the majority of student loans disbursed are federal student loans, we assume that most student loan borrowers in our sample benefited from the pause.¹⁶

Credit bureau data provide unique insight into student loan balance sheets and repayment, especially with regard to other debt, but these data cannot provide a full picture of student borrowing. For example, credit bureau data do not include information on race and ethnicity, whether a student loan borrower earned a college degree, or current income. To provide more context for our findings, we link credit bureau data on individuals' home zip codes to American Community Survey data on these zip codes' median incomes, average educational attainment, and shares of residents by race and ethnicity.

Findings from Credit Data

To learn more about how student loan borrowers have fared during the pandemic while most federal loan payments were paused, we examine consumer behavior during the first pandemic year, beginning just before payments were paused (February 2020 to February 2021). Specifically, we look at whether an individual appeared to have a new first mortgage, signaling a first home purchase, and whether they appeared to have a new auto loan, signaling a new auto purchase.

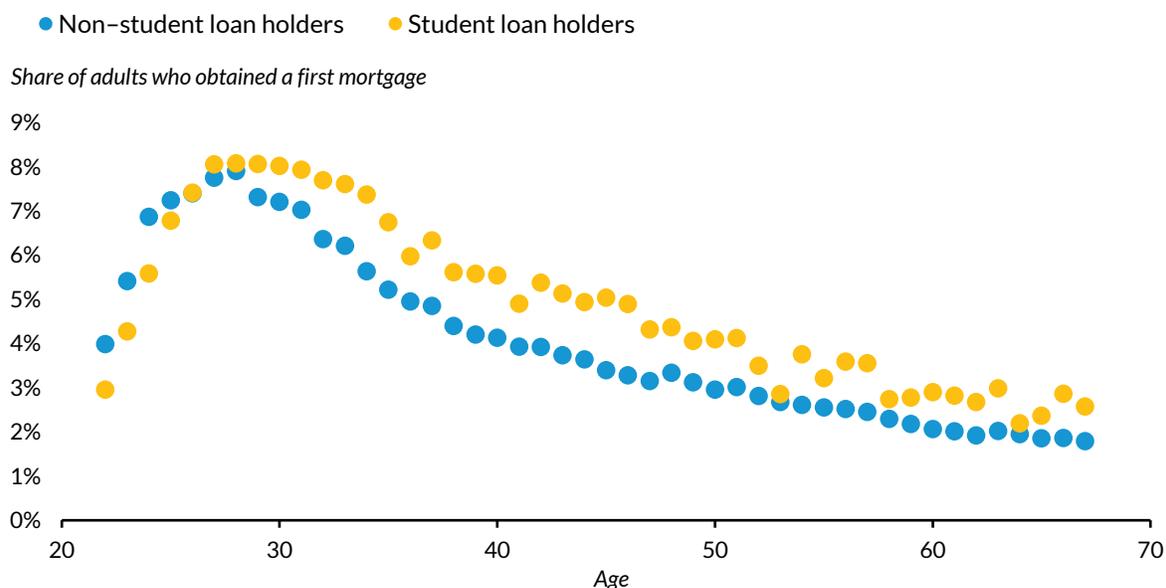
Main Findings

During the first year of the pandemic, student loan holders were more likely to take out a first mortgage than those without student debt. Specifically, we estimate that 3.8 percent of student loan holders took out a first mortgage, compared with 2.3 percent of non-student loan holders. Since the likelihood of taking out a new mortgage varies by age and credit score, we further examine this difference by disaggregating the data by age and focusing only on individuals with high credit scores (661 or above) before the pandemic started (who are more likely to be eligible for a mortgage).

We find that, among individuals ages 26 and older, student loan holders were consistently more likely to have taken out a first mortgage than nonborrowers. At younger ages (22 to 25), student loan holders were less likely to take out a first mortgage than those without student debt, which is consistent with past literature that suggests student loan debt delays homeownership for recent college-goers (figure 1).

FIGURE 1
Share of Adults with Good Credit Scores Who Obtained a First Mortgage between February 2020 and February 2021, by Age and Student Loan Holder Status

Student loan holders were more likely to obtain a new mortgage at nearly all ages



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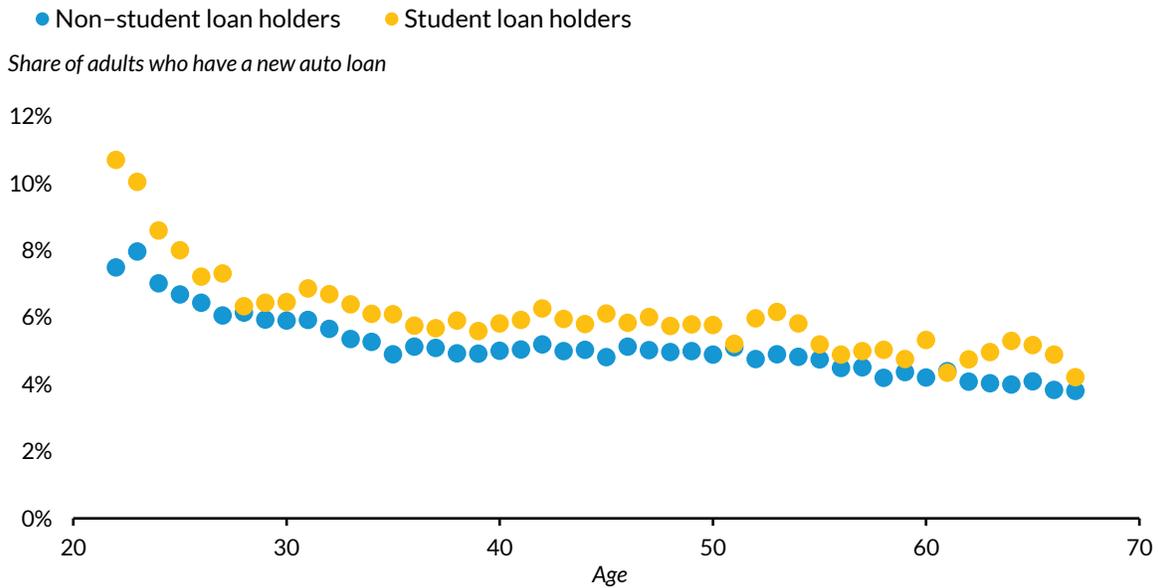
Source: Urban Institute analysis of credit bureau data.

Notes: Good credit scores are defined as 661 or above. Ages and credit scores are measured as of February 2020.

Student loan holders were also more likely to take out a new auto loan during the first year of the pandemic, relative to non-student loan holders. We estimate that 6.6 percent of student loan holders took out a new auto loan, compared with 4.2 percent of those without student loan debt. After disaggregating the data by age and looking only at individuals with high credit scores, we see that this finding is consistent across ages, though a greater difference between the two groups exists for those ages 22 to 25. Compared with mortgages, auto loans do not appear to show the same delay in taking on debt for student loan holders at younger ages (figure 2).

FIGURE 2
Share of Adults with Good Credit Scores Who Obtained a New Auto Loan between February 2020 and February 2021, by Age and Student Loan Holder Status

Student loan holders were more likely to obtain a new auto loan at nearly all ages



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Source: Urban Institute analysis of credit bureau data.

Notes: Good credit scores are defined as 661 or above. Ages and credit scores are measured as of February 2020.

Controls and Subgroups

We do not attempt to identify the cause of the difference in new mortgage and auto loans between those with and without student loan debt, but we use a variety of controls and subgroups to look more closely at the relationship between student loans and home and auto purchases during the pandemic.

In addition to examining the raw differences, we use three sets of control variables and three subgroups of our sample to understand what might be driving these differences. Although we do not have individual-level data on education and income, we use descriptive data on individuals' home zip codes as proxies for these factors. We control for the median household income and the share of residents in the individual's zip code with at least a bachelor's degree.

Without controlling for any confounding factors, we find that those with student loan debt were 1.5 percentage points more likely than those without to obtain a first mortgage between February 2020 and February 2021. Controlling for age, credit score, and a fixed effect for zip code, we estimate that student loan holders were still significantly more likely than those without student debt to have obtained a first mortgage during the first year of the pandemic, by about 0.7 percentage points (figure 3). Controlling for our proxies of education and income instead of zip code yields a similar result, as does adding a control for an individual's expected monthly payment on all debt. Although student loan borrowers were also more likely to take out first mortgages in prior years, the gap between borrowers and nonborrowers widened slightly during the pandemic.

These results indicate that some of the differences in first-time homebuying between student loan borrowers and nonborrowers can be accounted for by differences in credit score, age, overall debt level, and where borrowers live. But student loan borrowers are not homogenous. In a second set of analyses, we break borrowers into groups to assess how the prepandemic status of their student debt—in repayment, deferral, or collections—affects these outcomes.

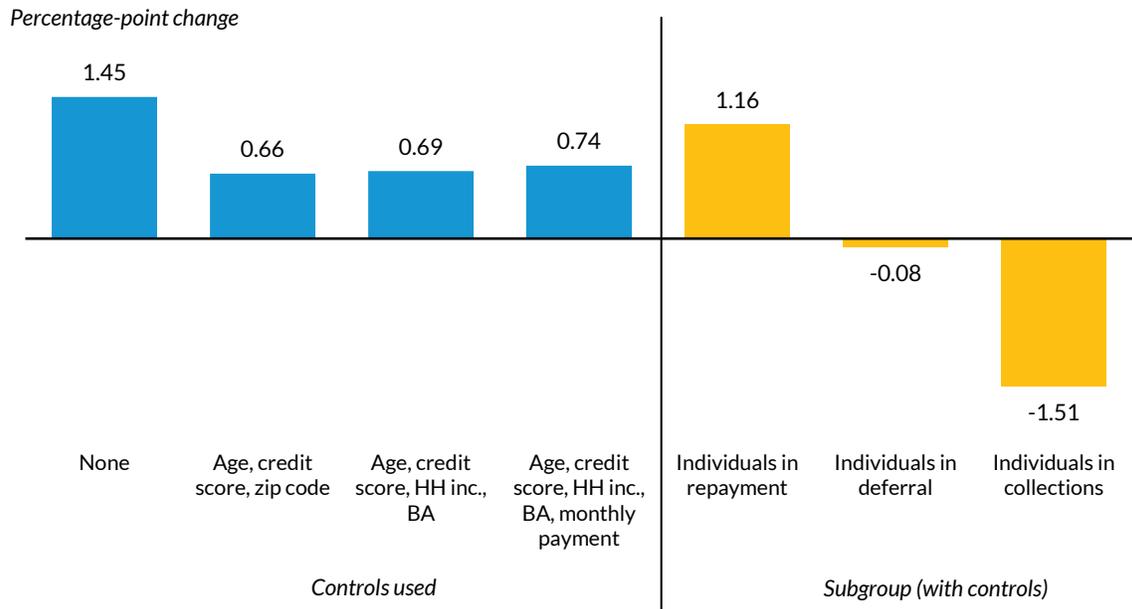
Although student loan holders, on average, appeared to be making home purchases at higher rates than those without student loan debt, we find disparate outcomes for borrowers with different student loan debt statuses in the month before the pandemic began.

Borrowers with loans in repayment just before the pandemic began appear to drive our overall results; even with all other controls, borrowers in repayment were 1.2 percentage points more likely to take out a first mortgage during this period, relative to all nonborrowers. Those with student loans in deferral—a status that could indicate being in school or using a forbearance because of economic hardship or public service—were about as likely to take out a new mortgage as non-student loan holders. Borrowers with defaulted student loans were 1.5 percentage points less likely to take out a new mortgage than similar non-student loan holders. This stark disparity suggests that the homebuying advantage for borrowers is primarily among those who were able to actively manage and repay their debt before the start of the pandemic. Even when controlling for factors such as age, credit score, and

geographic location, borrowers in default were much less likely than nonborrowers to obtain a first mortgage during the pandemic.

FIGURE 3
Percentage-Point Change in the Likelihood of Obtaining a First Mortgage between February 2020 and February 2021 Based on Having Student Loan Debt

The increased likelihood of obtaining a new mortgage for student loan holders persists even after controls for age, credit score, and zip code characteristics



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Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

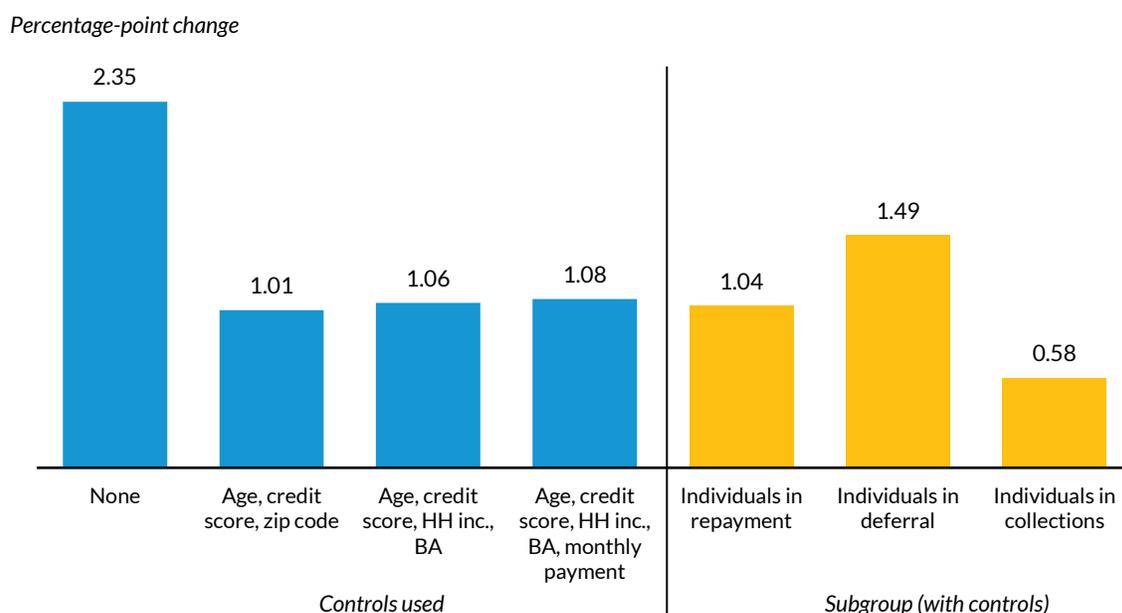
Notes: BA = share of residents in an individual’s home zip code who have at least a bachelor’s degree; HH inc. = median household income in an individual’s home zip code. Monthly payment refers to an individual’s expected monthly payment on all recorded debt. Subgroup analyses control for age, credit score, median household income in home zip code, and share of individuals in home zip code with at least a bachelor’s degree. Age, credit score, zip code, and monthly debt payment are measured as of February 2020. Median household income and share of residents with a bachelor’s degree are measured as five-year averages between 2015 and 2019. Individuals in repayment are those who had at least \$1 in their student loan balance in February 2020 expected to be paid the following month. Individuals in deferral are those who had at least \$1 in a deferred student loan balance in February 2020. Individuals in collections are those who had at least \$1 of student loan debt in collections in February 2020.

Our analysis of the relationship between student loans and auto loans shows similar results for the full sample. Controlling for age, credit score, and zip code, we estimate that student loan holders were about 1 percentage point more likely to have obtained a new auto loan during the first year of the pandemic than non-student loan holders. This finding also holds across the other two groups of control variables. But subgroup analyses reveal a difference between auto loans and mortgages when it comes

to student loan debt. We find a positive relationship between student loan debt and obtaining a new auto loan for borrowers in all three loan statuses, unlike the differences we see in mortgage debt. Student loan borrowers in repayment, deferral, and collections were all more likely to have obtained a new auto loan than individuals without any student loan debt. Furthermore, the positive association is strongest for those who were in deferral just before the pandemic began (figure 4). This may be because many borrowers in repayment were able to make auto purchases without loans or because this population includes students currently enrolled in school who may have made an auto purchase after moving from campus after graduating or because of the recession.

FIGURE 4
Percentage-Point Change in the Likelihood of Obtaining a New Auto Loan between February 2020 and February 2021 Based on Having Student Loan Debt

The increased likelihood of obtaining a new auto loan for student loan holders persists even after controls for age, credit score, and zip code characteristics and regardless of student loan status



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Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

Notes: BA = share of residents in an individual’s home zip code who have at least a bachelor’s degree; HH inc. = median household income in an individual’s home zip code. Monthly payment refers to an individual’s expected monthly payment on all recorded debt. Subgroup analyses control for age, credit score, median household income in home zip code, and share of individuals in home zip code with at least a bachelor’s degree. Age, credit score, zip code, and monthly debt payment are measured as of February 2020. Median household income and share of residents with a bachelor’s degree are measured as five-year averages between 2015 and 2019. Individuals in repayment are those who had at least \$1 in their student loan balance in February 2020 expected to be paid the following month. Individuals in deferral are those who had at least \$1 in a deferred student loan balance in February 2020. Individuals in collections are those who had at least \$1 of student loan debt in collections in February 2020.

Our Findings' Relationship to Trends before the Pandemic

These pandemic-period data run counter to the effect of student debt on homeownership in the 2008 recession. Homebuying tended to decrease for all borrowers, but especially for student loan borrowers, during the previous recession. In contrast, during the pandemic recession, we find an increase, especially for student loan borrowers.

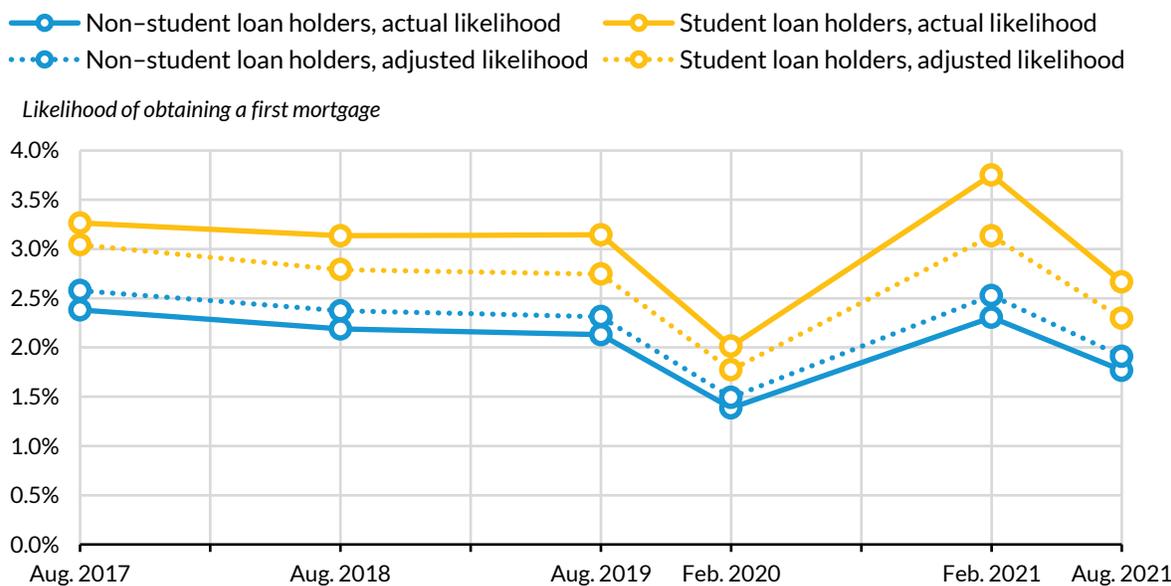
Our results indicate that student loan borrowers, as a group, were more likely to take out first mortgages—become homeowners—during the pandemic than their nonborrower peers, even after controlling for factors such as age, credit score, neighborhood characteristics, and other debt. To investigate whether this phenomenon is unique to the pandemic or part of a larger trend, we use annual credit bureau data from August 2016 to August 2021. For the period before the pandemic, we can access only annual data, so we show the share of borrowers and nonborrowers buying a home for the first time for the three years leading up to the pandemic, the six months before the start of the pandemic, during the first pandemic year, and during the next six months of the pandemic.

Our analysis of trends is partially influenced by the seasonality of homebuying—more homes are bought during the spring and summer months. But the pandemic disrupted the trend, stretching peak homebuying season in 2020 into the fall and winter.¹⁷ During our study period, student loan holders as a group were more likely to purchase a home than nonborrowers (figure 5). When we adjust for the characteristics of those in our sample (stippled lines), we reduce but do not eliminate this gap. This is to be expected, as student loan borrowers still differ from nonborrowers in ways that we cannot fully control for.

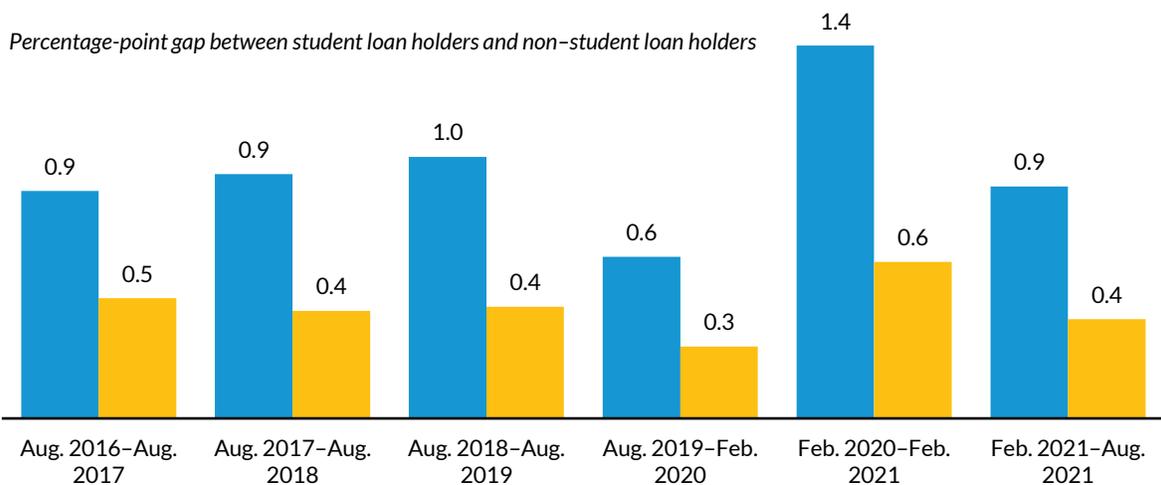
FIGURE 5

Trends in First Mortgage Attainment for Borrowers and Nonborrowers

Even after adjusting for age, credit score, and other characteristics, student loan borrowers were more likely to take out a first mortgage than nonborrowers



- Actual gap in obtaining a first mortgage
- Adjusted gap in obtaining a first mortgage



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Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

Notes: Adjusted likelihoods adjust based on age, credit score, median household income in an individual’s home zip code, and share of residents in an individual’s home zip code who have at least a bachelor’s degree. Age and credit score are measured at the beginning of each period. Median household income and share with a bachelor’s degree are measured as five-year averages between 2015 and 2019. Likelihoods for August 2019 through February 2020 and February 2021 through August 2021 are lower because they are shorter periods.

The adjusted annual gap in first-time homeownership—increased likelihood of buying a home in that year after controlling for credit, age, debt, and neighborhood characteristics—is 0.4 to 0.5 percentage points leading up to the pandemic. During the pandemic, the annual gap was 0.6 percentage points, suggesting that much of the differences in homebuying between borrowers and nonborrowers is a result of unobserved characteristics that may have also fueled homeownership gaps in previous years. We observe a similar trend in taking out a loan for a car, a gap between borrowers and nonborrowers that has been present over several years and increases slightly during the pandemic, even after controlling for other factors (appendix figure A.1).

Relationship of Homeownership to Borrower Race and Ethnicity

Student loans have had a disproportionate effect on the wealth and finances of Black borrowers, as these borrowers are more likely to face default and are more likely to use IDR.¹⁸ Empirical evidence on the specific role of student loans on Black homeownership is relatively slim. Having student loans can affect the net worth of Black young adults, potentially affecting their likelihood of buying a home (Houle and Addo 2018; Zhan, Xiang, and Elliott 2016). And white college-educated borrowers may be more likely to receive wealth transfers from their families than Black college-educated borrowers (Meschede et al. 2017). Researchers studying this issue in a longitudinal dataset found no evidence that student debt disproportionately limits homeownership by members of certain subgroups, such as those defined by race, gender, or socioeconomic status (Houle and Berger 2015a).

Although our data do not include direct information about borrowers' race or ethnicity, we are able to segment out individuals who live in zip codes with a high share (60 percent or more) of nonwhite residents, a high share of Black residents, or a high share of white residents. Within each of these three geographic subgroups, student loan holders are more likely than those without student debt to have taken out a first mortgage during the pandemic. But the relationship between student loans and first mortgage attainment is somewhat weaker for individuals in predominantly Black neighborhoods, where we also find higher rates of default (appendix table A.5).

Given that Black borrowers are more likely to default on their student loans, and that default is a strong negative predictor of first mortgage attainment, we believe that we might see larger differences if we had access to individual-level data on borrower race and ethnicity. Further, given the fact that communities of color are more likely to rely on nontraditional credit establishments and were disproportionately affected by the 2008 foreclosure crisis, our credit score controls may not fully encompass the creditworthiness of borrowers of color, potentially influencing our results (Rice 2019).

Policy Implications

Although we cannot pinpoint the causes of increased home and auto purchases among student loan holders during the pandemic, we can identify several economic and policy changes that may have influenced this result. Some of the effect may have been because of individual borrower circumstances. For example, some borrowers may have saved money that would have gone to repayments during the federal student loan pause, allowing them to purchase a home or vehicle. Some may have been encouraged by political debate around possible blanket loan forgiveness that was ongoing during President Joe Biden's 2020 campaign.¹⁹ And student loan borrowers may have been more likely to be able to work remotely, potentially driving more borrowers to purchase homes that offered more space or were located farther from the office. The student loan payment pause, combined with other factors, may have improved many borrowers' financial health enough to afford them the opportunity to invest in a first home or a new vehicle during the pandemic.

Changes in the Student Loan System and Mortgage Lending since the Previous Recession

In stark contrast to our findings during the 2020 pandemic-induced recession, student loan borrowers experienced a substantial decline in homeownership and auto financing in the 2008 recession. One possible factor influencing this difference is the change in student borrowing over the past decade. More students are borrowing to pay for their education, and they are having to borrow larger amounts than in the past (Haughwout et al. 2019; Houle and Berger 2015b). Further, borrowers are more likely to use income-driven or other repayment plans that stretch repayment beyond the standard 10 years—or to take out debt for their children—meaning that adults are more likely to be student loan borrowers later in life, relative to a decade ago (Blagg 2020).

But the student loan repayment system has also undergone substantial changes since the previous recession. At the forefront of these changes is the unprecedented pause on student loan payments. In addition to the student loan pause, borrowers now have access to a more generous set of IDR options, and use of these plans has grown substantially since the previous recession. The volume of loans in IDR plans increased by more than 600 percent between the 2011 and 2015 cohorts (Office of Inspector General 2018). The availability of IDR plans may have played a role in helping borrowers manage the affordability of their payments and avoid default before March 2020 (Herbst 2020), insulating some borrowers from experiencing the negative credit effects of a default during the pandemic-induced recession.

Finally, some borrowers may have received loan relief before this recession because of certain conditions that released them from their obligation. For example, some borrowers received automatic discharge of their loans because of severe disability. These discharges were automatically granted to eligible borrowers who could be administratively matched to Social Security Administration data in 2016²⁰ and in 2021.²¹ And Direct Loan relief was also available to borrowers who attended schools that defrauded students, under the borrower defense rule issued during the Obama administration. Future changes to IDR plans could give student loan holders more flexibility and further ease their financial burden. Specifically, the US Department of Education is considering creating a new IDR plan that would reduce payment amounts and may change the level of income exempt from payments.²²

Mortgage lending standards have also changed since the 2008 financial crisis. The Dodd-Frank Act ensures that lenders hold some risk attached to their loans, and the mortgage market—with stronger regulation—now requires lenders to be more thorough in verifying borrowers' ability to pay back loans (Whitehead and Williams 2017). These changes could have affected credit availability for student borrowers who were struggling to pay back their loans at the beginning of the pandemic. The relationship between student debt and homeownership could also be affected going forward by the Federal Housing Administration's decision in June 2021 to change its method of calculating debt-to-income ratios. The change will make it easier for student loan borrowers on IDR plans to obtain a mortgage.²³

Defaulted Student Loan Borrowers' Continued Struggles during the Pause

Although we find that student loan borrowers overall were more likely to purchase a house or vehicle during the pandemic, student loan borrowers experience diverse circumstances, and this average effect masks large differences. Borrowers who were in repayment before the payment pause seemed to benefit most from the pause, while those who were in default may have continued to struggle, as evidenced by their lower homebuying rates relative to non-student loan holders, even when controlling for factors such as credit score and zip code characteristics. Those with lower levels of student debt, which is also associated with noncompletion of a degree,²⁴ also had lower homebuying rates compared with those without student loans.

Defaulting on student debt is also highly correlated with not completing a degree.²⁵ If borrowers do not complete a degree, they may be in a worse financial position than if they had not enrolled in school at all. This could have a cascading effect on markers of wealth accumulation, such as homeownership.

Although these broad concerns are not new, default appears to be particularly burdensome for prospective homeowners under the current student loan system.

There is space, however, for policymakers to address some burdens on defaulted borrowers. In addition to ensuring that more students complete their degrees, policymakers can help borrowers avoid default and the financial penalties that come along with it by helping loan servicers identify and engage with at-risk borrowers before they fall into a defaulted loan status.²⁶ Policymakers can also help limit the amount of time borrowers are in default by making it easier and faster to exit default and by resolving inconsistencies in credit reporting. Further, they can make collection fees more consistent and less punitive (Delisle, Cooper, and Christensen 2018).

Next Steps for Understanding the Effects of the Pandemic Recession

Our findings indicate a need for more research on the experiences of student loan borrowers during the pandemic. Our results provide additional confirmation of the K-shaped COVID-19 pandemic recovery, in which higher-earning workers were more insulated from the effects of the recession (Dalton et al. 2021). As a group, student loan borrowers may be more likely to be higher wage earners and thus recover more quickly from the pandemic's economic effects. But some student loan borrowers—particularly those who did not complete their degree or who are in default—may be more likely to experience sustained negative economic effects.

Future work could include obtaining qualitative information from borrowers on their financial and personal experiences during the pandemic. Further, we believe that the release of additional data on borrowers during the pandemic, such as the Survey of Consumer Finances, will provide more detailed insights into the financial standing of borrowers during the pandemic recession. Finally, these results indicate that we should carefully watch the progress of borrowers as students resume payments in May 2022.

Appendix

TABLE A.1

Regression Results: Relationship between Holding Student Debt and Obtaining a First Mortgage between February 2020 and February 2021

Variables	(1)	(2)	(3)	(4)	(5) Repayment	(6) Deferral	(7) Collections
Student loan holder	0.0145** (0.0002)	0.0066** (0.0003)	0.0069** (0.0003)	0.0074** (0.0003)	0.0116** (0.0003)	-0.0008 (0.0004)	-0.0151** (0.0003)
Credit score		0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)
Age		-0.0009** (0.0000)	-0.0009** (0.0000)	-0.0008** (0.0000)	-0.0011** (0.0000)	-0.0009** (0.0000)	-0.0010** (0.0000)
Age ²		0.0000** (0.0000)	0.0000** (0.0000)	-0.0000 (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)
Median household income			-0.0000** (0.0000)	0.0000 (0.0000)	-0.0000** (0.0000)	-0.0000 (0.0000)	0.0000 (0.0000)
Share with BA			0.0049** (0.0008)	0.0050** (0.0008)	0.0050** (0.0008)	0.0041** (0.0008)	0.0042** (0.0008)
All debt				-0.0000** (0.0000)			
Constant	0.0231** (0.0001)	-0.0071** (0.0007)	-0.0074** (0.0007)	-0.0119** (0.0010)	0.0027** (0.0007)	0.0030** (0.0007)	0.0074** (0.0007)
Observations	4,090,383	3,964,727	3,906,202	3,906,202	3,695,728	3,396,121	3,310,610
R ²	0.0012	0.0199	0.0102	0.0108	0.0108	0.0087	0.0092
Zip code fixed effect		Yes					

Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

Notes: Robust standard errors are in parentheses. Median household income is at the zip code level. Share with BA = share of residents in an individual's home zip code who have at least a bachelor's degree; all debt = individual's expected monthly payment on all recorded debt. Age, credit score, zip code, and monthly debt payment are measured as of February 2020. Median household income and share of residents with a bachelor's degree are measured as five-year averages between 2015 and 2019. Individuals in repayment are those who had at least \$1 in their student loan balance in February 2020 expected to be paid the following month. Individuals in deferral are those who had at least \$1 in a deferred student loan balance in February 2020. Individuals in collections are those who had at least \$1 of student loan debt in collections in February 2020.

** $p < 0.01$; * $p < 0.05$.

TABLE A.2

Regression Results: Relationship between Holding Student Debt and Obtaining an Auto Loan between February 2020 and February 2021

Variables	(1)	(2)	(3)	(4)	(5) Repayment	(6) Deferral	(7) Collections
Student loan holder	0.0235** (0.0003)	0.0101** (0.0003)	0.0106** (0.0003)	0.0108** (0.0003)	0.0104** (0.0004)	0.0149** (0.0006)	0.0058** (0.0008)
Credit score		0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)
Age		-0.0009** (0.0000)	-0.0008** (0.0000)	-0.0008** (0.0000)	-0.0008** (0.0000)	-0.0008** (0.0000)	-0.0008** (0.0000)
Median household income			-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)
Share with BA			-0.0121** (0.0009)	-0.0121** (0.0009)	-0.0122** (0.0010)	-0.0130** (0.0010)	-0.0138** (0.0010)
All debt				-0.0000** (0.0000)			
Constant	0.0420** (0.0001)	0.0786** (0.0008)	0.0852** (0.0007)	0.0846** (0.0008)	0.0851** (0.0008)	0.0839** (0.0008)	0.0830** (0.0008)
Observations	4,090,383	3,964,727	3,906,202	3,906,202	3,695,728	3,396,121	3,310,610
R ²	0.0018	0.0163	0.0059	0.0060	0.0056	0.0056	0.0050
Zip code fixed effect		Yes					

Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

Notes: Robust standard errors are in parentheses. Median household income is at the zip code level. Share with BA = share of residents in an individual's home zip code who have at least a bachelor's degree; all debt = individual's expected monthly payment on all recorded debt. Age, credit score, zip code, and monthly debt payment are measured as of February 2020. Median household income and share of residents with a bachelor's degree are measured as five-year averages between 2015 and 2019. Individuals in repayment are those who had at least \$1 in their student loan balance in February 2020 expected to be paid the following month. Individuals in deferral are those who had at least \$1 in a deferred student loan balance in February 2020. Individuals in collections are those who had at least \$1 of student loan debt in collections in February 2020.

** $p < 0.01$; * $p < 0.05$.

TABLE A.3

Regression Results: Trends in the Relationship between Holding Student Debt and Obtaining a First Mortgage

Variables	(1) Aug. 2016–Aug. 2017	(2) Aug. 2017–Aug. 2018	(3) Aug. 2018–Aug. 2019	(4) Aug. 2019–Feb. 2020	(5) Feb. 2020–Feb. 2021	(6) Feb. 2021–Aug. 2021
Student loan holder	0.0053** (0.0002)	0.0048** (0.0002)	0.0049** (0.0002)	0.0032** (0.0002)	0.0069** (0.0003)	0.0043** (0.0002)
Credit score	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)
Age	0.0005** (0.0000)	-0.0000 (0.0000)	-0.0001** (0.0000)	-0.0000 (0.0000)	-0.0009** (0.0000)	-0.0001** (0.0000)
Age ²	-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)	0.0000** (0.0000)	-0.0000** (0.0000)
Median household income	0.0000** (0.0000)	0.0000 (0.0000)	0.0000* (0.0000)	-0.0000* (0.0000)	-0.0000** (0.0000)	0.0000** (0.0000)
Share with BA	0.0021** (0.0008)	0.0042** (0.0007)	0.0004 (0.0007)	0.0017** (0.0006)	0.0049** (0.0008)	0.0042** (0.0007)
Constant	-0.0448** (0.0006)	-0.0273** (0.0006)	-0.0182** (0.0006)	-0.0143** (0.0005)	-0.0074** (0.0007)	-0.0312** (0.0006)
Observations	3,836,279	3,873,842	3,889,392	3,902,311	3,906,202	3,850,035
R ²	0.0075	0.0075	0.0069	0.0044	0.0102	0.0077

Source: Urban Institute analysis of credit bureau data and American Community Survey data from National Historical Geographic Information System.

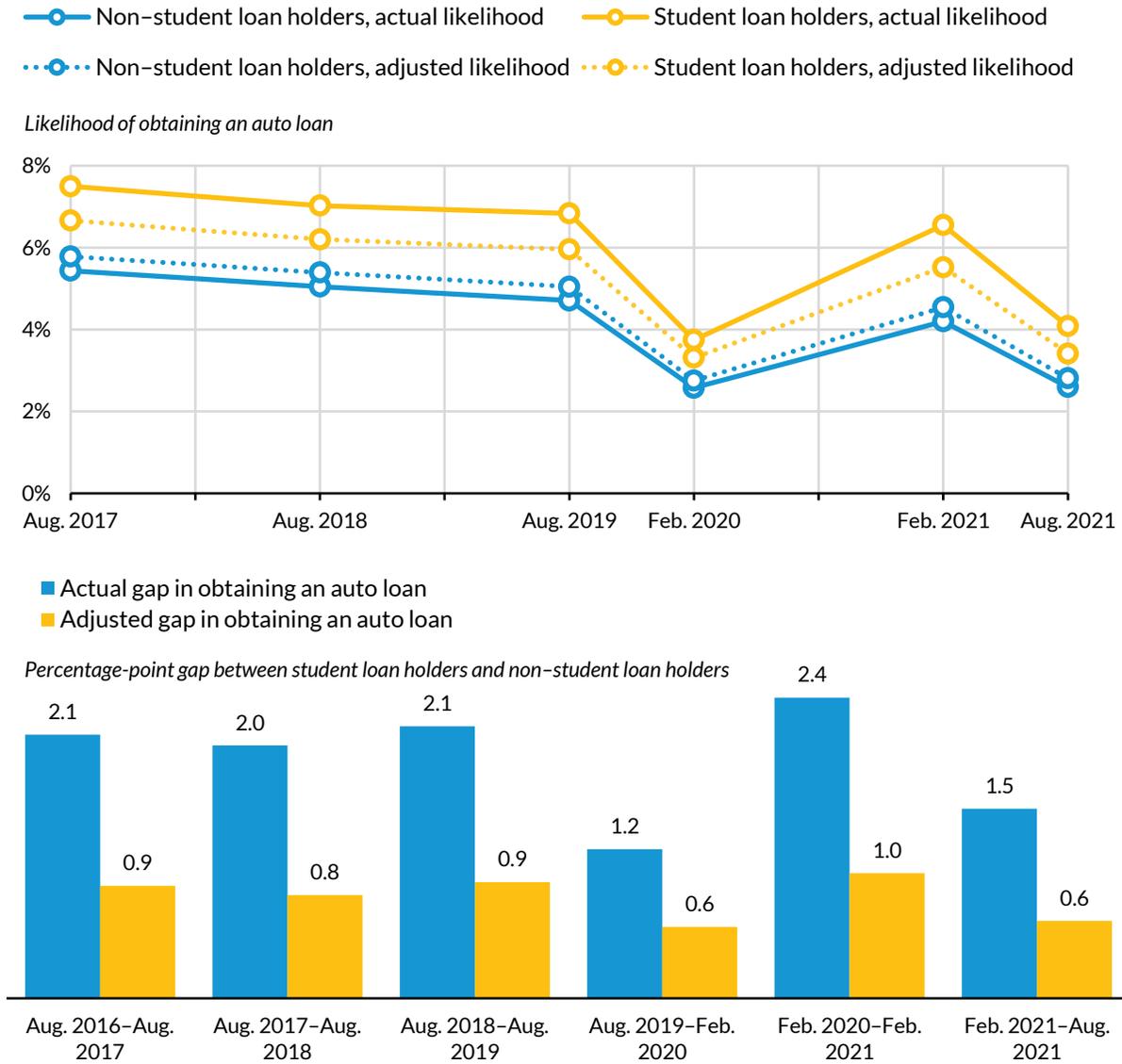
Notes: Robust standard errors in parentheses. Median household income is at the zip code level. Share with BA = share of residents in an individual's home zip code who have at least a bachelor's degree. Age and credit score are measured as of the beginning of each time period. Median household income and share of residents with a bachelor's degree are measured as five-year averages between 2015 and 2019. Coefficients for August 2019 through February 2020 and February 2021 through August 2021 are lower because they are shorter periods.

** $p < 0.01$, * $p < 0.05$.

FIGURE A.1

Trends in Auto Loan Attainment for Borrowers and Nonborrowers

Even after adjusting for age, credit score, and other characteristics, student loan borrowers were more likely to take out auto loans than nonborrowers



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Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

Notes: Adjusted likelihoods adjust based on age, credit score, median household income in an individual’s home zip code, and share of residents in an individual’s home zip code who have at least a bachelor’s degree. Age and credit score are measured at the beginning of each period. Median household income and share of residents with a bachelor’s degree are measured as five-year averages between 2015 and 2019. Likelihoods for August 2019 through February 2020 and February 2021 through August 2021 are lower because they are shorter periods.

TABLE A.4

Regression Results: Trends in the Relationship between Holding Student Debt and Obtaining an Auto Loan

Variables	(1) Aug. 2016–Aug. 2017	(2) Aug. 2017–Aug. 2018	(3) Aug. 2018–Aug. 2019	(4) Aug. 2019–Feb. 2020	(5) Feb. 2020–Feb. 2021	(6) Feb. 2021–Aug. 2021
Student loan holder	0.0093** (0.0004)	0.0085** (0.0003)	0.0096** (0.0003)	0.0058** (0.0003)	0.0106** (0.0003)	0.0065** (0.0003)
Credit score	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)
Age	-0.0009** (0.0000)	-0.0008** (0.0000)	-0.0008** (0.0000)	-0.0004** (0.0000)	-0.0008** (0.0000)	-0.0005** (0.0000)
Median household income	0.0000** (0.0000)	0.0000** (0.0000)	0.0000** (0.0000)	-0.0000 (0.0000)	-0.0000** (0.0000)	0.0000 (0.0000)
Share with BA	-0.0245** (0.0011)	-0.0250** (0.0010)	-0.0254** (0.0010)	-0.0088** (0.0008)	-0.0121** (0.0009)	-0.0123** (0.0008)
Constant	0.0722** (0.0008)	0.0697** (0.0008)	0.0719** (0.0008)	0.0336** (0.0006)	0.0852** (0.0007)	0.0533** (0.0006)
Observations	3,836,279	3,873,842	3,889,392	3,902,311	3,906,202	3,852,213
R ²	0.0046	0.0045	0.0049	0.0024	0.0059	0.0039

Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

Notes: Robust standard errors are in parentheses. Median household income is at the zip code level. Share with BA = share of residents in an individual's home zip code who have at least a bachelor's degree. Age and credit score are measured as of the beginning of each time period. Median household income and share of residents with a bachelor's degree are measured as five-year averages between 2015 and 2019. Coefficients for August 2019 through February 2020 and February 2021 through August 2021 are lower because they are shorter periods.

** $p < 0.01$, * $p < 0.05$.

TABLE A.5

Regression Results: Relationship between Holding Student Debt and Obtaining a First Mortgage between February 2020 and February 2021, by Predominant Race or Ethnicity in a Neighborhood

Variables	(1) Predominantly white neighborhoods	(2) Predominantly nonwhite neighborhoods	(3) Predominantly Black neighborhoods
Student loan holder	0.0070** (0.0004)	0.0063** (0.0005)	0.0043** (0.0009)
Credit score	0.0001** (0.0000)	0.0001** (0.0000)	0.0001** (0.0000)
Age	-0.0013** (0.0000)	-0.0001** (0.0000)	0.0006** (0.0001)
Age ²	0.0000** (0.0000)	-0.0000** (0.0000)	-0.0000** (0.0000)
Median household income	-0.0000** (0.0000)	0.0000** (0.0000)	0.0000 (0.0000)
Share with BA	0.0061** (0.0010)	-0.0032 (0.0016)	0.0098 (0.0058)
Constant	0.0116** (0.0009)	-0.0356** (0.0012)	-0.0548** (0.0029)
Observations	2,352,823	896,090	138,301
R ²	0.0108	0.0089	0.0080
Default rate	11%	17%	22%

Source: Urban Institute analysis of credit bureau data and American Community Survey data from the National Historical Geographic Information System.

Notes: Robust standard errors are in parentheses. Median household income is at the zip code level. Share with BA = share of residents in an individual's home zip code who have at least a bachelor's degree. Age and credit score are measured as of February 2020. Median household income and share of residents with a bachelor's degree are measured as five-year averages between 2015 and 2019.

** $p < 0.01$, * $p < 0.05$.

Notes

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