Improving the Availability of Small Mortgage Loans

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December 2022

Urban Institute research has found that small mortgage loan financing is limited, which can restrict access to affordable homeownership (McCargo et al. 2018). Affordable housing supply is a major issue, and financing purchases and home improvements for low-cost properties could improve access to the nation's limited supply. Urban previously found that fewer lenders make small mortgages *and* applicants are more likely to be denied for small mortgage loan amounts compared with larger amounts. Unavailability of mortgage financing for low-cost properties is a barrier to homeownership for people with low and moderate incomes, and it increases the opportunities for institutional investors to buy up otherwise affordable housing stock because they often can afford such properties without taking out a mortgage. On October 4, 2022, the US Department of Housing and Urban Development (HUD) released a request for information seeking information on barriers to small mortgage loans in the Federal Housing Administration (FHA) program to consider opportunities to better support and expand affordable homeownership in underserved markets with low housing prices.[1]

To inform the issue, we updated our analysis of the characteristics of small mortgage loans using new property records data. We also revisited the MicroMortgage Marketplace demonstration program launched in 2019 by a leading community development financial institution (CDFI), Fahe, with technical support from the Homeownership Council of America, funding from Access Ventures, and research by the Urban Institute (McCargo et al. 2020). Our findings are consistent with prior findings on this topic (OPDR 2022; Pew 2022), while the issue has become even more acute as home prices and interest rates have ballooned while the supply of affordable homes has dwindled.

Using property records, we find that in 2020, 600,000 homes (13.1 percent of all homes sales) in the US sold for less than $100,000, and half of these were flagged as being purchased by owner-occupants. This compares with nearly 78.7 percent of homes selling for at least $100,000 that owner-occupants purchased. Only about a third of all the low-cost homes were purchased using a mortgage, compared with more than 80 percent of homes that sold for at least $100,000. The challenges of obtaining financing for small mortgages were apparent in the much higher likelihood of denial for loan applications under $100,000. Property condition or value ("collateral") played a larger role in denials than for loans over that amount, a barrier the Fahe team also found. Observers continue to point to the prevailing compensation models for real estate and mortgage actors—whose costs are fixed (or sometimes even higher for low-cost property sales to first-time homebuyers) while their income increases with transaction size—as a major factor limiting first-time homebuyer access to affordable homes.

The FHA can facilitate marginally more access to these properties for owner occupancy, especially with respect to purchase-construction lending and property condition requirements. But effectively serving this market segment will require cross-agency and cross-industry cooperation and the will to design a path for small-dollar, entry-level mortgages.

Data and Methodology

Given the request for information and current interest in affordable housing supply, we set out to understand low-cost properties and financing, with case studies in two cities to illuminate regional variation. We used 2020 property records data from First American Data & Analytics, which gives information on every property sold with a deed, as well as assessment information of those properties given by automated valuation models. Overall, we had records for 5.4 million property sales in 2020, but we restricted the dataset (details below) and analyzed 4.6 million property records.

We filtered the property records data on land-use code and included all residential properties excluding vacant land or agricultural land. We included mobile and manufactured homes, regardless of the land ownership code. We removed bulk sales transactions, open-ended mortgages, non-arm's-length transactions, and transactions with missing assessor's parcel numbers or sales price from the data. We benchmarked our results with a smaller subset of the data, including only properties defined as single-family residential or townhouse residential to match previous research from the National Association of Realtors.[2]

We defined low-cost properties as those with transaction prices under $100,000.[3] Importantly, the definition of "low cost" will vary widely by community—what is considered "low cost" in Los Angeles may be unaffordable in Louisville, for example.

To understand trends in mortgage lending by loan size, we used Home Mortgage Disclosure Act (HMDA) data from 2018 to 2021 on mortgage rates, loan amounts, application outcomes, and loan channels. For our analysis, a mortgage loan balance below $100,000 is defined as small, even if it financed a property worth at least $100,000.

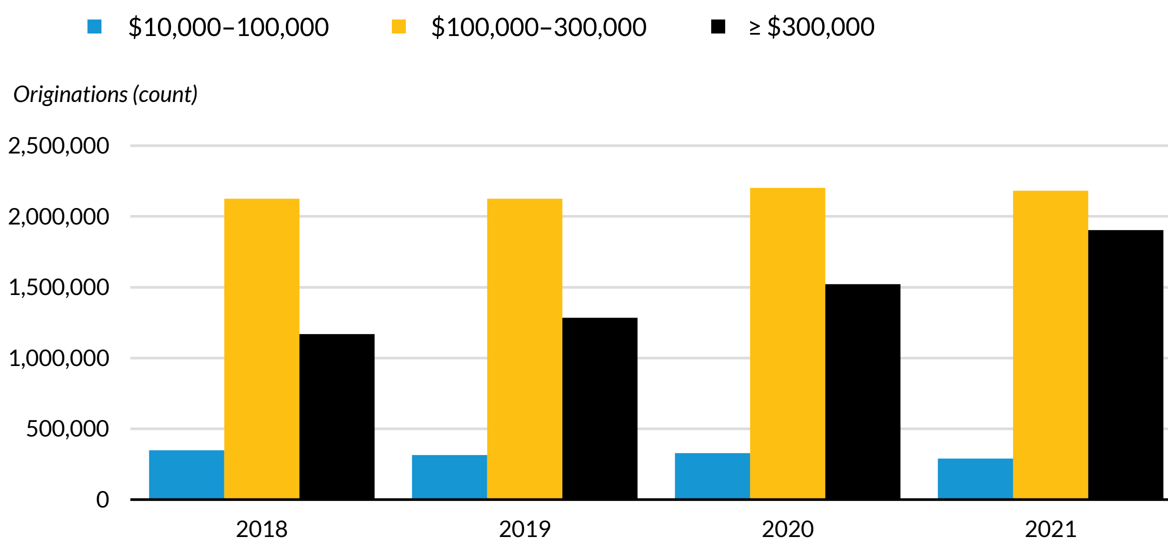
National-Level Outlook

We found that 13.1 percent of all single-family residential sales nationally were under $100,000 (more than 600,000 home sales) in 2020. But most of these home sales were not financed by a mortgage. We found that 35.4 percent of home sales for less than $100,000 were mortgage financed compared with 82.1 percent of home sales for at least $100,000.

We compared this with HMDA records on the number of mortgages made by mortgage amount from 2018 to 2021 (figure 1). From 2018 to 2021, the number of mortgages originated with loan amounts below $100,000 decreased while the number of mortgages originated with loan amounts of at least $100,000 increased. The largest increase in mortgages originated from 2018 to 2021 was among loan amounts of at least $300,000.

FIGURE 1

New Mortgages, by Origination Amount



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Source: 2018–21 Home Mortgage Disclosure Act data.
Notes: Based on first-lien home purchase loan originations from 2018 to 2021. Loan amounts are in 2021 dollars using the Consumer Price Index.

Potential Barriers to Small Mortgage Financing: Corporate Investors, Owner Occupancy, Property Condition, and Loan Channel

We examined the presence of corporate investors (i.e., limited liability companies, limited partnerships, limited liability partnerships, and corporations) in the small mortgage market. We found that 29.3 percent of home sales for less than $100,000 had a corporate buyer compared with 7 percent of home sales for at least $100,000. Of the properties corporate investors purchased, 17.3 percent were

financed with a mortgage. Corporate buyers play a disproportionately large role in the small mortgage market.

We also examined owner occupancy. We found that 50 percent of home sales for less than $100,000 were owner occupied compared with 78.7 percent of home sales for at least $100,000. Of the owner-occupied low-cost properties, 45.1 percent were mortgage financed, compared with 86.3 percent of the owner-occupied properties that sold for at least $100,000.

Low owner occupancy of low-cost properties could be attributable to such homes being in poor condition. Lending policies on property condition requirements, which aim to mitigate risk to borrowers and mortgage investors from hazards and high maintenance costs, can make such homes difficult to finance with a traditional mortgage. And if mortgage financing is not available (or if it makes a loan balance too high) for rehabilitation or home improvement, that could be a barrier to owner-occupancy.

The property records data do include a flag for condition, but there were many missing values in the data. When we removed properties with missing values for property condition, we were left with a sample of 2.7 million home sales, about 57 percent of our original sample. In this smaller sample, we found that 5.4 percent of home sales for less than $100,000 were flagged as being in "poor condition" compared with just 0.7 percent of those sold for at least $100,000. Furthermore, only 10.6 percent of sales for less than $100,000 were flagged as being in "good condition" compared with 22.2 percent of home sales for at least $100,000. Overall, low-cost properties tend to be in worse condition than more expensive properties.

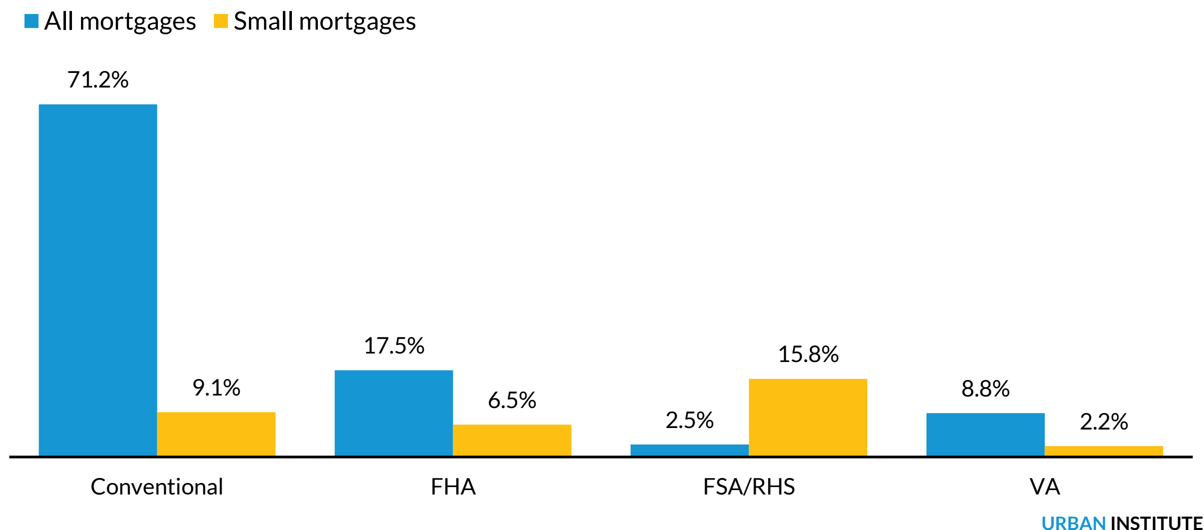
We also found a lack of mortgage financing available for low-cost properties in poor condition: only 22.2 percent of low-cost properties in poor condition were mortgage financed. We believe there is a strong need for rehabilitation and renovation financing in the low-cost market, as property condition is a major barrier to small mortgage loan origination.

Using the HMDA data, we examined channel differences in the market share of small mortgages (figure 2). In all channels except for the US Department of Agriculture's (USDA's) Farm Service Agency/Rural Housing Service (FSA/RHS) channel, small mortgage loans make up a lower market share than all loans. In the FSA/RHS channel, however, small mortgage loans made up 15.8 percent of market activity, a higher share than all loans. This may reflect both the USDA's income eligibility restrictions and the fact that rural housing is generally less expensive than urban housing.

The median loan size is $259,641 for conventional loans, $221,187 for FHA loans, $280,837 for US Department of Veterans Affairs loans, and $162,238 for FSA/RHS loans; that is, loans for less than $100,000 are more typical for FSA/RHS loans than in any other channel.

FIGURE 2

Market Share, by Channel



Source: 2018–21 Home Mortgage Disclosure Act data.
Notes: FHA = Federal Housing Administration; FSA/RHS = Farm Service Agency/Rural Housing Service; VA = US Department of Veterans Affairs. Based on first-lien home purchase loan originations from 2018 to 2021. Loan amounts are in 2021 dollars using the Consumer Price Index.

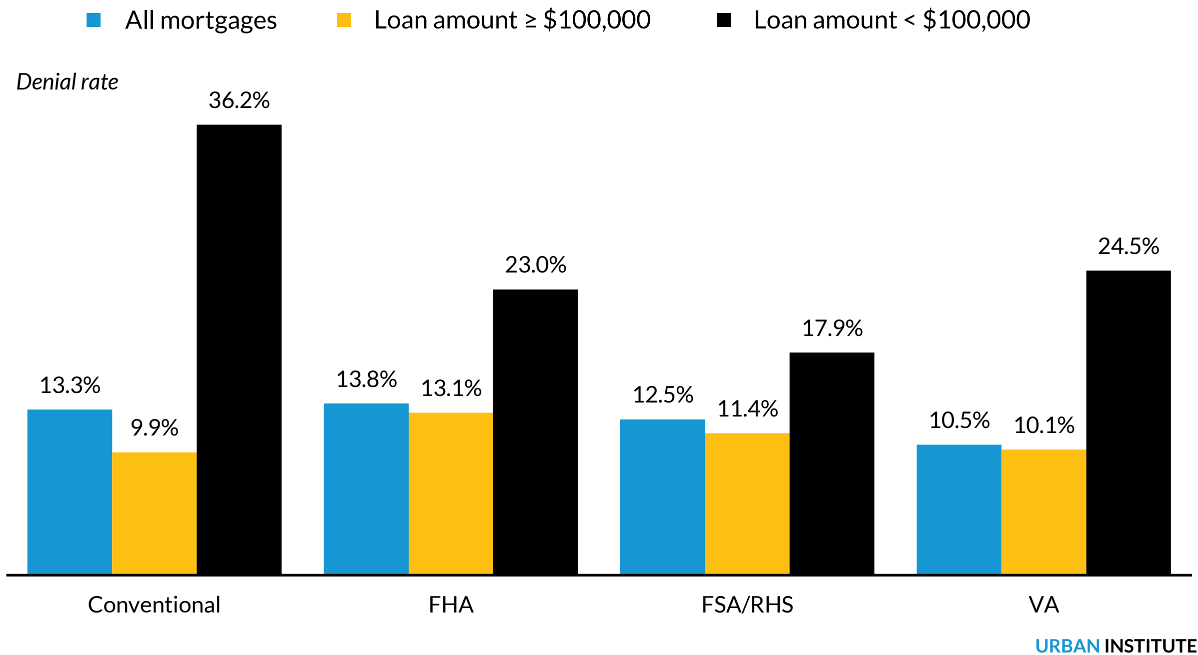
Using HMDA data, we also examined lender types. Large mortgage amounts accounted for more than 85 percent of originations for all types of lenders. Notably, credit unions were the most likely to make small mortgage originations (14 percent of all originations from credit unions). Banks had the second-largest share (10.6 percent). This may be because credit unions and banks are reportedly more likely to pay salaries as opposed to commissions, a style of originator compensation that is more conducive to small mortgage lending.

Denial Rates for Small Mortgage Loans

In addition, we used HMDA data to examine mortgage denial rate differences by loan channel and loan amount (figure 3). Across all channels, denial rates are highest for small mortgage loan amounts. The difference in denial rates between small mortgage loan applications and all loan applications is largest in the conventional channel and smallest in the FSA/RHS channel. This reinforces the results in figure 2.

FIGURE 3

Mortgage Denial Rate, by Loan Type and Amount



Source: 2018–21 Home Mortgage Disclosure Act data.

Notes: FHA = Federal Housing Administration; FSA/RHS = Farm Service Agency/Rural Housing Service; VA = US Department of Veterans Affairs. Based on first-lien home purchase loan originations from 2018 to 2021. Loan amounts are in 2021 dollars using the Consumer Price Index.

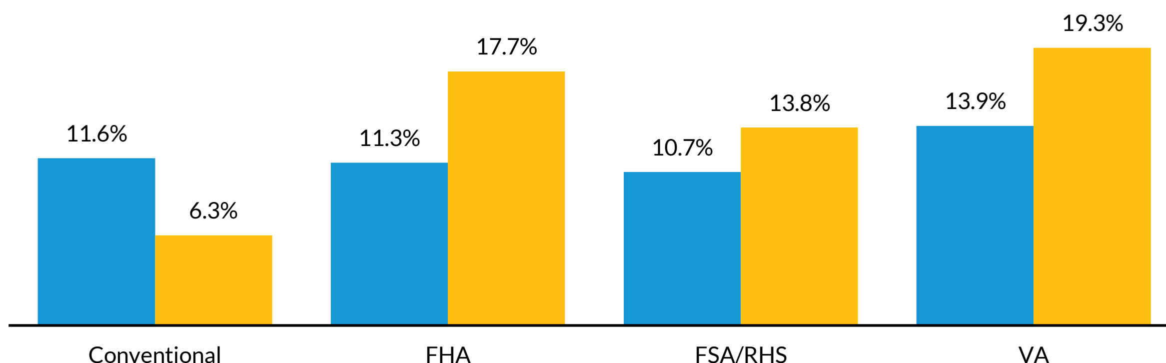
We also examined denial rate differences by occupancy status and loan size. Interestingly, the difference in the overall denial rate and the small mortgage denial rate was greatest among applications for owner-occupied properties, with owner-occupied properties being denied at a higher rate, underscoring the challenges for would-be owner-occupants in this naturally affordable sector.

Finally, we examined denial reason, with a focus on applications denied because of collateral, as we are interested in small mortgage lending as a way to increase affordable housing supply (figure 4). In the conventional channel, applications for small mortgages are less likely to be denied because of collateral (versus other reasons, such as credit or debt-to-income ratio) than applications for larger mortgages. In all other channels, the inverse is true: small mortgage loans have a higher share of denials because of collateral than larger mortgage loans, and the gap is greatest for FHA loans.

FIGURE 4

Denials Attributable to Collateral, by Loan Channel and Loan Amount

Owner-occupied properties



Source: 2018–21 Home Mortgage Disclosure Act data.
Notes: FHA = Federal Housing Administration; FSA/RHS = Farm Service Agency/Rural Housing Service; VA = US Department of Veterans Affairs. Based on first-lien home purchase loan originations from 2018 to 2021. Loan amounts are in 2021 dollars using the Consumer Price Index.

Louisville Case Study

Next, we looked at small mortgage loan financing in Louisville, Kentucky. We chose Louisville because previous Urban research focused on the city as part of the MicroMortgage Marketplace demonstration project, a pilot for small mortgages offered by Fahe, a Kentucky-based CDFI focused on Appalachian communities but with a direct home lending operation that serves 19 states (McCargo et al. 2020).

The project sought to increase homeownership by improving access to mortgage financing for low-cost homes that could be affordable to families with low and moderate incomes while safely expanding the mortgage credit box. It also focused on reducing the fees and friction that cause a lack of lending in this space and make the cost to originate high relative to the loan amount.

The property records data for Louisville included 12,957 homes sales in 2020, 17.9 percent of which were for less than $100,000, larger than the share nationally. Although we might consider Louisville a more affordable market than most of the country, the median home sales price in the city is $230,000, more than twice the $100,000 cutoff we use for small mortgages and that Fahe used for its loan product.

In Louisville, 38.7 percent of low-cost home sales were mortgage financed compared with 86.4 percent of sales for more expensive homes. There is a slightly higher share of mortgage financing for small- and large-dollar sales in Louisville than at the national level, but the trends hold closely.

In Louisville, institutional investors take up an even larger portion of the low-cost market than at the national level, while their presence in the larger market is the same: 50.2 percent of low-cost sales in Louisville were flagged as having a corporate buyer, while only about 7 percent of more expensive homes were bought by corporate buyers. Of the low-cost homes corporate investors bought, 45.1 percent were mortgage financed compared with only 3 percent of the more expensive homes corporate investors bought. In Louisville, the national trends are therefore amplified, and corporate investors make up an even larger share of financing low-cost properties with a mortgage than at the national level.

In Louisville, 57.1 percent of low-cost homes were owner occupied compared with 90.1 percent of more expensive homes. The national-level trends held, but a higher share of all home sales in Louisville were to owner-occupants, as median home prices are lower than the national average ($220,500 in Louisville versus $281,400 nationally, according to 2021 American Community Survey data). Forty-five percent of the owner-occupied low-cost sales were mortgage financed compared with 92.7 percent of owner-occupied home sales for at least $100,000. There is more mortgage financing for all properties in Louisville than at the national level. Even so, Fahe said that home price was a barrier to its ability to make small mortgage loans, especially as sale prices rose in 2020 during the pandemic.

Condition was reported for 9,823 property records in Louisville, about 76 percent of our original Louisville sample. Interestingly, only 0.73 percent of low-cost properties and 0.27 percent of more expensive properties were reported to be in poor condition. Although condition was reported for 76 percent of Louisville home sales, most were reported as being in “average” condition, which is not very descriptive. Ninety-four percent of low-cost home sales and 97 percent of more expensive home sales were reported as being in average condition.

There were not enough descriptive statistics in Louisville on property condition for analysis, but the direct experience of the MicroMortgage project and follow-up conversation with Fahe provide insights into the role this factor plays in the inability of potential homeowners with low and moderate incomes to purchase low-cost properties.

Fahe indicated that the biggest problem or deterrent to small mortgage lending in Louisville was property condition, as the properties eligible for the pilot needed significant rehabilitation work. Specifically, many homes in Louisville selling for less than $100,000 needed a great deal of rehabilitation work because of safety and soundness issues. These issues were identified during home inspections conducted as part of the loan application process and made the homes ineligible to be underwritten as is. Financing necessary repairs would bring the mortgage loans over the threshold and could have made monthly payments unviable for homeowners.

Another factor was that the compensation structure across the homebuying and financing process hampered lenders’ ability to make small mortgage loans. Although the dollar-volume-based loan originator compensation model was not a barrier for Fahe, many real estate agents, whose commission is based on transaction size, do not have incentives to work with homebuyers in the low-cost property

market. A booming housing market in 2020 also reduced the inventory of affordable homes and drew real estate agents' attention to more expensive homes.

The experience of Fahe and the MicroMortgage Marketplace demonstration reveals that even with concrete steps taken to concentrate resources for small mortgage financing and address lending barriers, there are still major challenges to reaching borrowers and homebuyers. Some of these are baked into industry structure, such as compensation models, but others might be even harder to solve, such as property condition.

Atlanta Case Study

We also conducted a case study for Atlanta, Georgia. We chose Atlanta because it is larger than Louisville, where we could more clearly see patterns.

With 22,364 home sales records for 2020, Atlanta had nearly double the property records of Louisville. Ten percent of home sales in Atlanta were for less than $100,000, smaller than the share nationally. In Atlanta, 27.8 percent of low-cost home sales were mortgage financed compared with 75.7 percent of more expensive home sales. There is a lower share of mortgage financing for small- and large-dollar sales in Atlanta than at the national level, but the difference between mortgage-financed shares for small- and large-dollar sales is nearly identical to the national level.

Fully 72 percent of low-cost sales in Atlanta were flagged as having a corporate buyer compared with only 18.8 percent of more expensive home sales. Corporate buyers take up a larger portion of both the small- and large-dollar markets in Atlanta than at the national level, but the difference in the low-cost market is most significant. At the national level, only 29.3 percent of low-cost sales had a corporate buyer.

Of the low-cost homes corporate investors bought, 70.3 percent were mortgage financed compared with only 8 percent of more expensive homes corporate investors bought. In Atlanta, the national trends are amplified even more so than in Louisville, and corporate investors take up an even larger share of low-cost mortgage financing than at the national level.

In Atlanta, we found that 28.7 percent of low-cost home sales were to owner-occupants compared with 72.7 percent of more expensive homes. The national-level trends held, but the share of owner-occupied low-cost home sales in Atlanta is just over half the national share, a much lower percentage. This may be because median home prices in Atlanta are higher than the national average ($375,500 in Atlanta versus $281,400 nationally, according to 2021 American Community Survey data). Thirty-five percent of the owner-occupied low-cost sales were mortgage financed compared with 82.2 percent of owner-occupied home sales for at least $100,000. There is lower penetration of mortgage financing for low-cost properties in Atlanta than at the national level.

Property condition was reported for 96.3 percent of our original Atlanta sample: 10.1 percent of low-cost homes that were sold were reported to be in poor condition, compared with only 3.4 percent of

more expensive homes that were sold. The share of homes reported to be in poor condition in the low-cost market in Atlanta is nearly double that at the national level. The disparity between homes reported as being in excellent condition is also illuminating. Less than 0.5 percent of low-cost homes sold in Atlanta were reported to be in excellent condition compared with 15.6 percent of more expensive homes.

We now examine the availability of low-cost properties in the United States using regularly updated national data.

Low-Cost Properties Are Few and Far Between

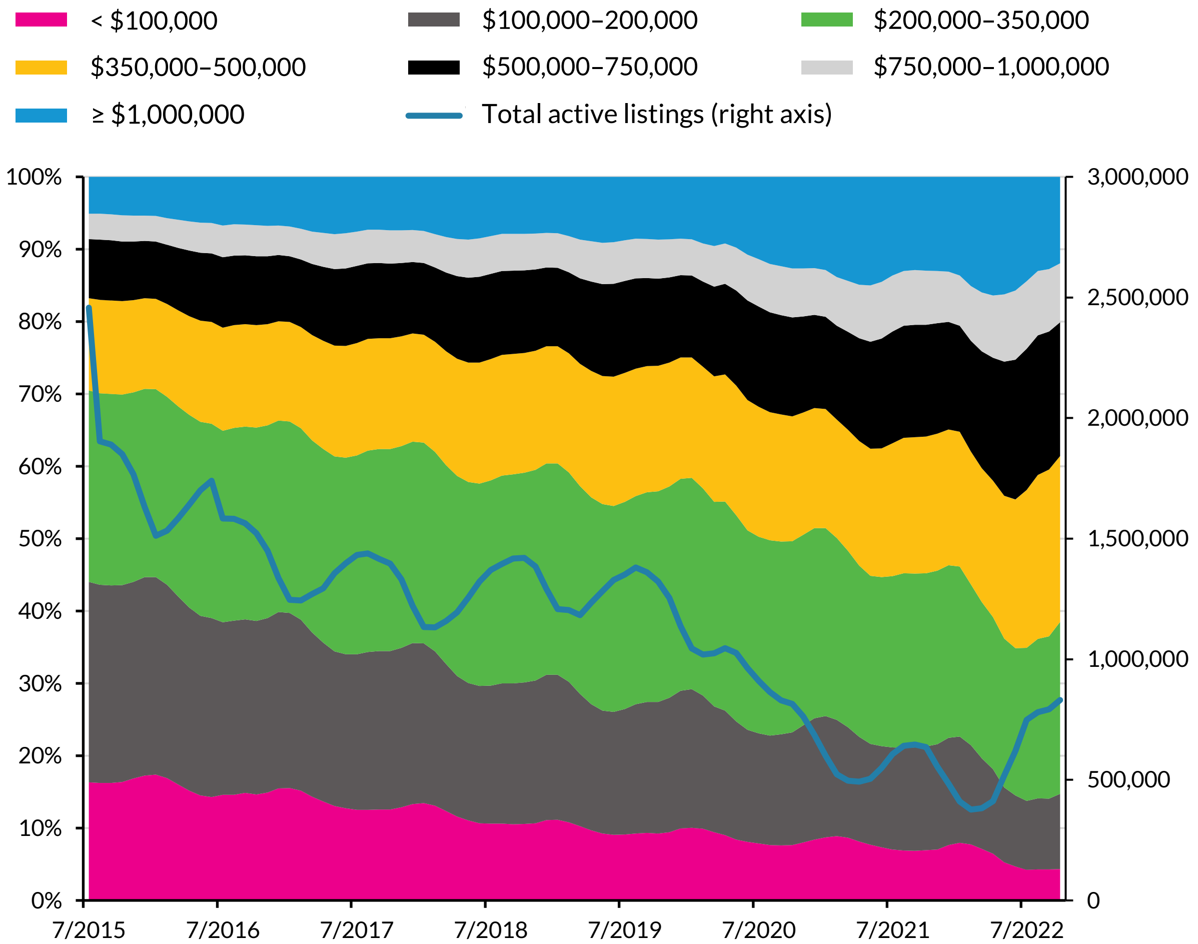
Using data provided by Realtor.com on active listings by price tier, we can see that few properties nationwide are listed for less than $100,000 (figure 5).

Although the number of active listings declined from 2015 to 2022, the share of listings for sales of at least $350,000 has increased, while the share of listings for sales below $200,000 has decreased. Nationwide, listings for homes worth less than $100,000 accounted for only about 4.3 percent of listings in August 2022. Some of this could be attributable to overall home price appreciation, but we used Black Knight Home Price Index data at the two points in time and found that the decrease in the number of listings for homes worth less than $500,000 exceeded the predicted decrease because of home price appreciation. Similarly, the increase in the number of listings for homes that cost at least $500,000 increased more than can be accounted for using home price appreciation. Therefore, the lack of affordable housing inventory is not solely attributable to home price appreciation.

Realtor.com also provided these data for the 25 most-populous metropolitan statistical areas in the country, which reveals great variation. In 2022, in Detroit, nearly 20 percent of active listings were for homes that cost less than $100,000, whereas in Los Angeles, less than 0.08 percent of active listings were for homes that cost less than $100,000. Therefore, policies to encourage small mortgage lending will need to vary by place. In some states and cities, providing incentives to lend at our definition of "low cost," under $100,000, will be an excellent way to increase financing for affordable housing, but in other places, this will be insufficient. When setting policies or designing programs, the definition of "low cost" should be a share of the median home price in each area as opposed to a specified dollar amount at the national level.

FIGURE 5

Active Listings, by Price Tier



Source: July 2015–October 2022 data from Realtor.com.

Policy Implications and Recommendations

Wherever the dollar line is drawn, today's first-time homebuyers are largely locked out of the large supply of low-cost homes, which could be an immediate natural source of affordable starter homes. The FHA can lead the way by taking some steps on its own. But achieving scale will require subsidies and cross-industry resolve.

Within existing programs, the FHA can expand access while studying how these steps affect access and risks so other industry stakeholders can learn what works.

Previously, we have offered several recommendations to the FHA for this segment: more flexible underwriting; specialized homebuyer counseling resources; reduced fees; strengthened lending

channels that make smaller loans, such as CDFIs and community banks; and automated valuation tools to reduce costs and address the appraisal gap issues that arise in low-cost markets.[4] Below, we flesh out specific strategies to pursue:

Review and ease property condition requirements for FHA loans for low-cost properties. HUD's property condition requirements are an oft-cited barrier for FHA borrowers.[5] These requirements protect buyers from hazards and unsustainable maintenance costs, but they reportedly often raise less critical issues that nonetheless would derail the purchase using an FHA loan. For cases where the issues are more significant, easier access to renovation financing is recommended.

Improve the FHA 203(k) renovation program to expand the applicant pool and reduce denial rates. Many homes that sell for low prices need repairs. Repairs make it hard for owner-occupants to buy these homes and encourages investor purchases, as many investors can do all-cash financing. Ultimately, renovation programs are risky and have high denial rates.[6] The FHA needs to reimagine these programs by better aligning the interests of market participants. One could conceive of a "preferred vendor" approach, where an approved contractor ensures the renovation is cost effective, does the renovation for a fixed price, and guarantees the workmanship. The homebuyer could contract with one of these vendors, essentially streamlining the process. The loan would no longer need a HUD consultant to make sure the FHA's interests are protected.

We have recommended similar changes to the government-sponsored enterprise (GSE) programs (Fannie Mae's HomeStyle® Renovation and Freddie Mac's CHOICERenovation®). The GSEs would no longer need to rely on lender recourse, and the risk would be shifted to the contractor, who is given incentives to do a good job for the sake of future business through these organizations.

Enhance loan programs that can facilitate homeownership via low-cost homes. This strategy could include improving loan programs to make it easier for nonprofits to acquire and rehabilitate properties and sell them to owner-occupants. It could also include products that facilitate consumer-friendly lease-to-own arrangements. And easing FHA constraints on personal property (chattel) financing for manufactured homes would also benefit a key segment of this market.

Set aside low-cost real-estate-owned properties for owner-occupants. The FHA can and does give preference to certain types of buyers for their foreclosed properties by limiting who can bid on those properties and giving the buyers more time to obtain financing. The FHA could go further on small-balance properties for first-time owner-occupants or for nonprofits who commit to sell to them, including such steps as bringing the property condition up to requirements, discounting the sales price, and providing preferential financing.

Streamline processes and reduce third-party costs that are typically fixed amounts and therefore much larger as a share of small mortgage amounts. New technologies can streamline loan underwriting, valuations, and title services. Moreover, the FHA can absorb the exposure to uncertainty associated with exploring new approaches, especially given the loans' small size.

Beyond these steps, the FHA should lead a cross-government effort to design a small loan financing system that works at scale. This would include the Federal Housing Finance Agency, the GSEs and the Federal Home Loan Banks, the USDA and the US Department of Veterans Affairs, bank and credit union regulators, and the Consumer Financial Protection Bureau (which sets loan officer compensation rules). It would also include the US Treasury Department's CDFI Fund. State housing finance agencies, mortgage regulators, and even city and local governments would also be valuable to include. The group would consult with various private-sector stakeholders.

The effort should holistically consider the following avenues:

Leverage mission-based programs already in place. For example, the Federal Housing Finance Agency could add small-dollar mortgages as a category to the GSEs' Duty to Serve requirements, or the category could be added to the GSEs' housing goals. The Federal Home Loan Banks could use their Mortgage Purchase Program, in conjunction with their requirement that a share of their profits be used for affordable housing, to create a small-dollar loan program or subsidy. Similarly, the Community Reinvestment Act could encourage small mortgages.

Enable and encourage CDFIs to increase their mortgage lending activity with an emphasis on small mortgages to first-time buyers. CDFIs fill a critical gap in low-income and low-wealth communities and are not driven by the same incentive structure as for-profit lenders. Avenues for increasing the role of CDFIs in small mortgage lending include greater emphasis on homeownership finance in CDFI Fund programs, creating new sources of homeownership funds for CDFIs, and providing CDFIs special access to secondary market outlets and the Federal Home Loan Bank system for small-balance mortgages to first-time buyers.

Restructure compensation. Explore how lenders can be given incentives to make small-dollar loans and how government subsidies could be applied. The Consumer Financial Protection Bureau sets the rules implementing Regulation Z (Truth in Lending), which requires that loan originator compensation not be based on any of the transaction's terms or conditions. A loan originator can be consistently compensated using a fixed share of the loan amount (the most common structure). Alternatively, originators can be consistently compensated a fixed amount per loan or a fixed salary. The fixed amount or the share of the loan amount (whichever applies) cannot vary based on a particular loan's feature, such as loan size. Could the rule be revisited to address the inherent disincentives to originate small-balance mortgages?

Subsidize small-balance mortgage lending and servicing. Even solving for loan originators, profit-motivated institutions are still likely to shy away from low-balance loans for similar reasons—the fixed costs of making and servicing these loans will outweigh the variable balance-based revenues. Addressing these structural frictions will ultimately require subsidies, and the FHA and HUD can explore how to provide these. For small-balance FHA loans, is it possible to pay the lender some amount of additional compensation from the up-front mortgage insurance premium and pay the servicer some amount of additional annual compensation from the annual premium, both ultimately funded by the Mutual Mortgage Insurance Fund? If so, how could these subsidies be structured to avoid abuse?

To inform these efforts, further research would be valuable. The MicroMortgage Marketplace pilot underscored how much remains to be learned by going beneath the data to understand the experiences, decisions, preferences, and motivations of homebuyers, property sellers, real estate agents, and lenders in the low-cost segment of the market. More research could help us understand property condition constraints and inform potential solutions to that particular barrier. In connection with any special accommodations, further study should be undertaken to identify the best definition of "low-cost" sales and "small-balance" mortgages, how those definitions should vary by local market factors, and how they should be indexed to current home prices so the definitions do not become obsolete quickly.

Notes

[1] Request for Information Regarding Small Mortgage Lending, 87 Fed. Reg. 60186 (Oct. 4, 2022).

[2] Michael Hyman, "Existing-Home Sales Reach Highest Annual Level Since 2006 but Weaken in December 2021," *Economists' Outlook* (blog), National Association of Realtors, January 21, 2022, https://www.nar.realtor/blogs/economists-outlook/existing-home-sales-reach-highest-annual-level-since-2006-but-weaken-in-december-2021.

[3] In our early research (McCargo et al. 2018) on the topic, we used $70,000 as the cutoff, which was was 21.7 percent of the median home price, $322,800, in the fourth quarter of 2018 (Q4 2018), according to the Federal Reserve Bank of St. Louis. Although the $100,000 mark was a higher share (27.9 percent) of the Q4 2020 median home price ($358,700), it is 22 percent of the Q3 2022 median home price ($454,900).

[4] Linna Zhu and Rita Ballesteros, "Making FHA Small-Dollar Mortgages More Accessible Could Make Homeownership More Equitable," *Urban Wire* (blog), Urban Institute, April 22, 2021, https://www.urban.org/urban-wire/making-fha-small-dollar-mortgages-more-accessible-could-make-homeownership-more-equitable.

[5] Laurie Goodman and Janneke Ratcliffe, "The Tight Housing Market Boxes Out Government-Insured Borrowers, Widening Homeownership Gaps," *Urban Wire* (blog), Urban Institute, June 16, 2021, https://www.urban.org/urban-wire/tight-housing-market-boxes-out-government-insured-borrowers-widening-homeownership-gaps.

[6] Laurie Goodman and Edward Golding, "Institutional Investors Have a Comparative Advantage in Purchasing Homes That Need Repair," *Urban Wire* (blog), Urban Institute, October 20, 2021, https://www.urban.org/urban-wire/institutional-investors-have-comparative-advantage-purchasing-homes-need-repair.

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Acknowledgments

This brief was supported by the Housing Finance Innovation Forum, a group of organizations and individuals that support high-quality independent research that informs evidence-based policy development. 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.

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