

# Emerging Trends in Housing and Affordability

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**NAAHL**

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# Topics to Cover

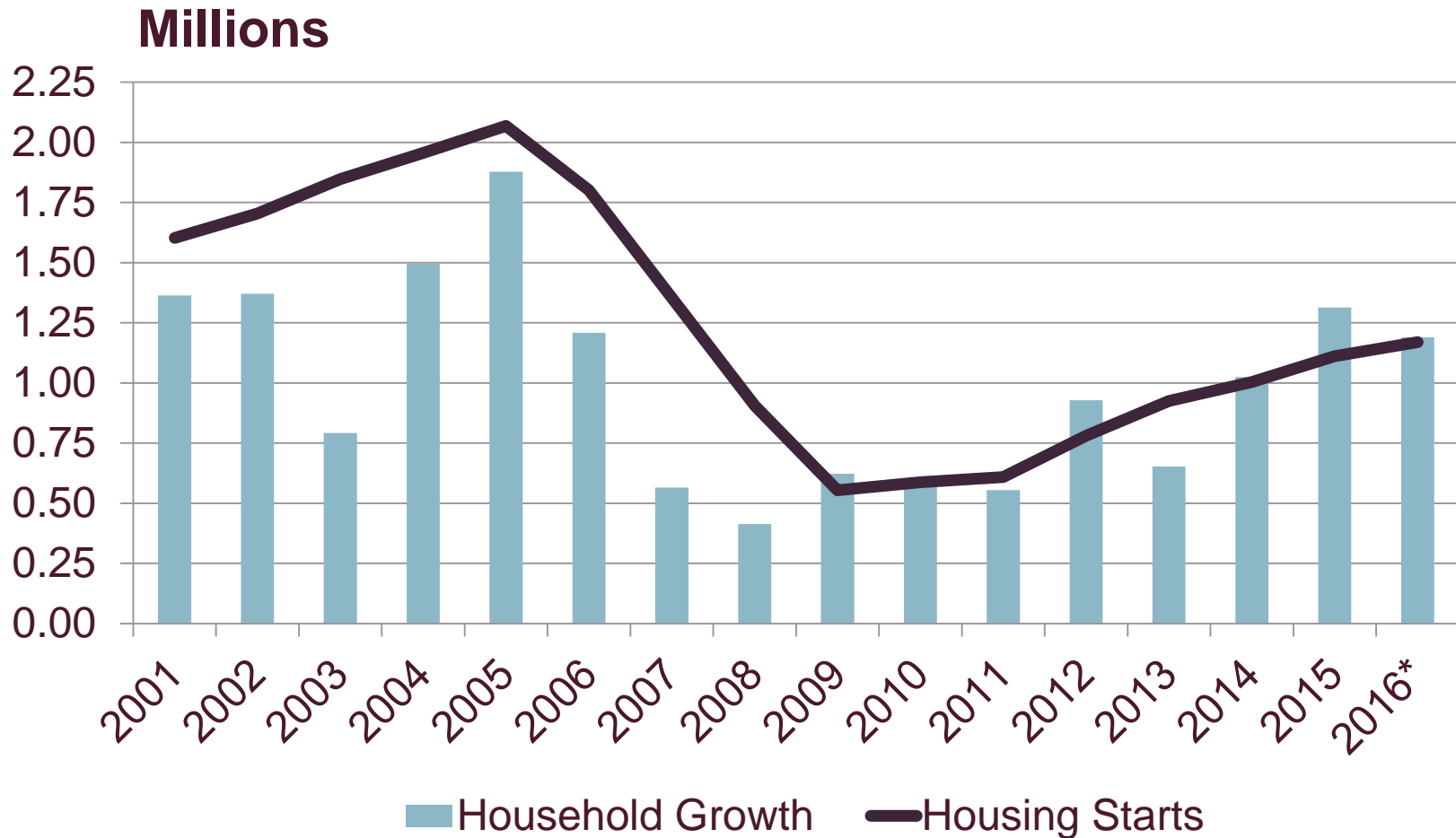
- Household Growth Poised to Accelerate With Substantial Gains Among Minorities and the Elderly
- Future Trends in Homeownership Harder to Predict, But Reason to Believe Rate Will Stabilize Soon
- Despite Strong House Price Recovery Millions of Homes Have Little Equity, Particularly in Low-Income Neighborhoods
- Renter Cost Burdens Continue Near Record Levels, While Homeowner Cost Burdens Have Eased for All But the Elderly

# Outlook for Household Growth



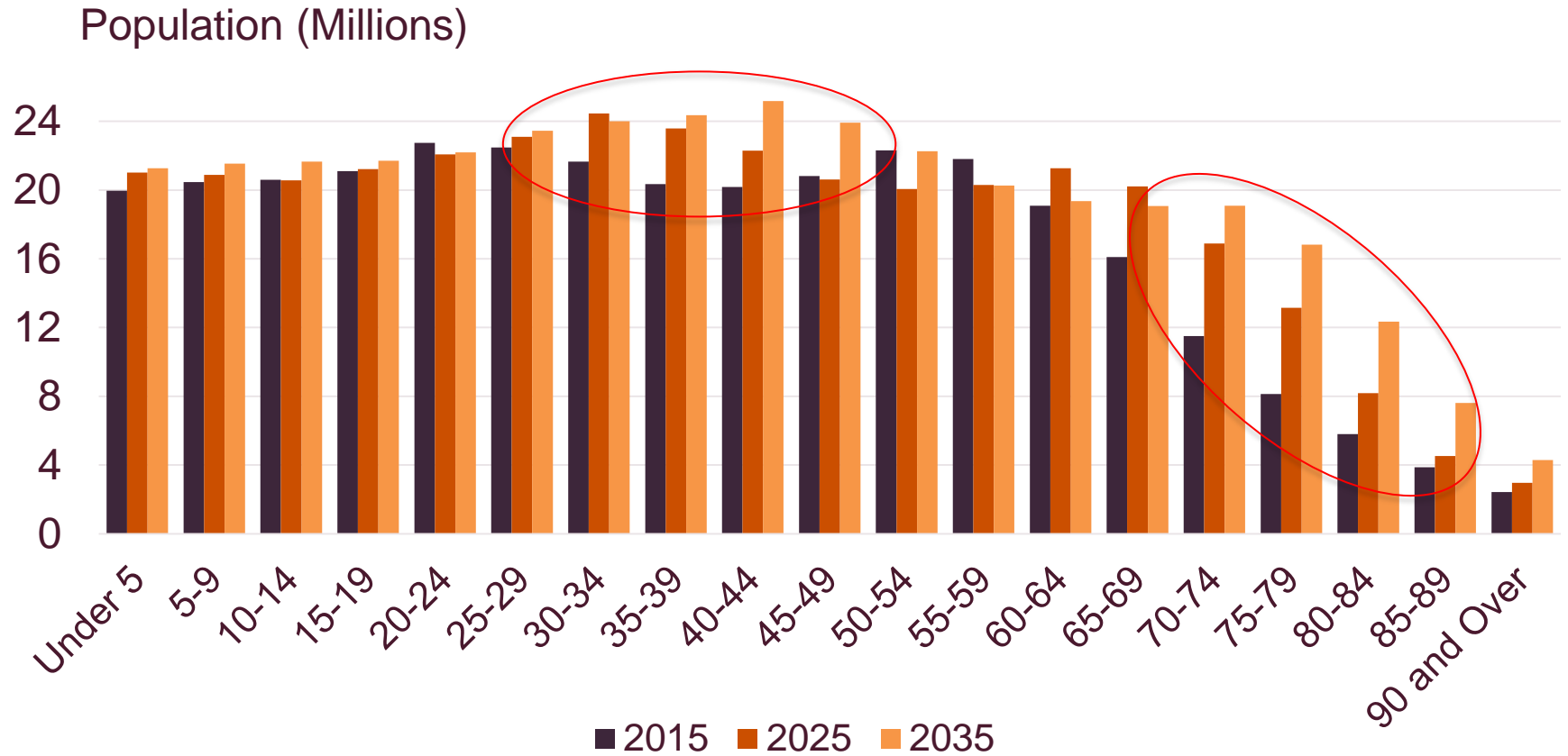
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# Slow Recovery in Housing Construction Has Been in Line with Weak Household Growth



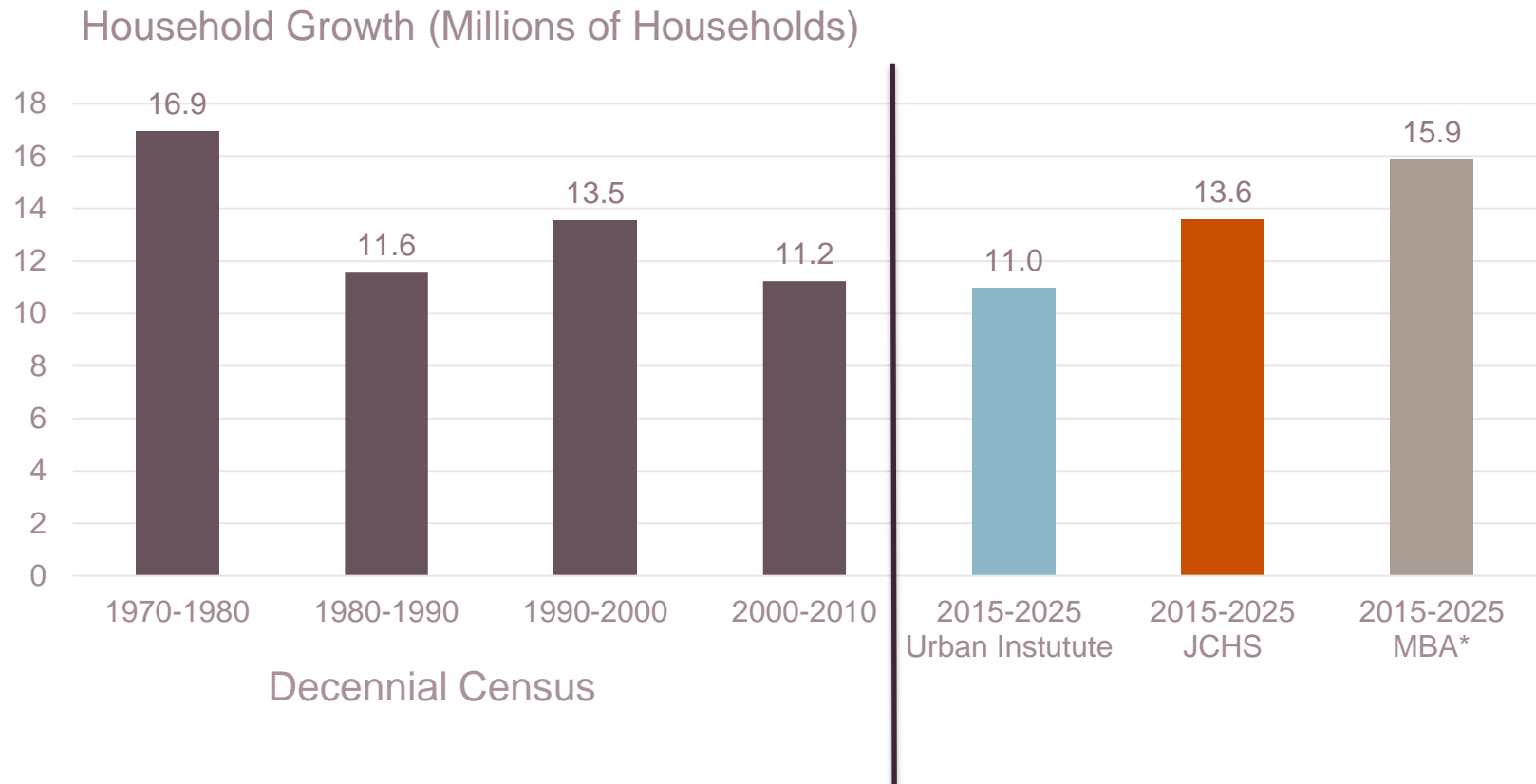
Source: US Census Bureau, Housing Vacancy Surveys and New Residential Construction data.

# Millennials and Baby Boomers Will Drive Coming Shifts in Population Age Structure and Household Growth



Source: US Census Bureau, 2014 Population Projections.

# JCHS Projections for 2015-2025 Fall Between Others' Estimates, and are Consistent with Historic Growth Levels from the 1990s

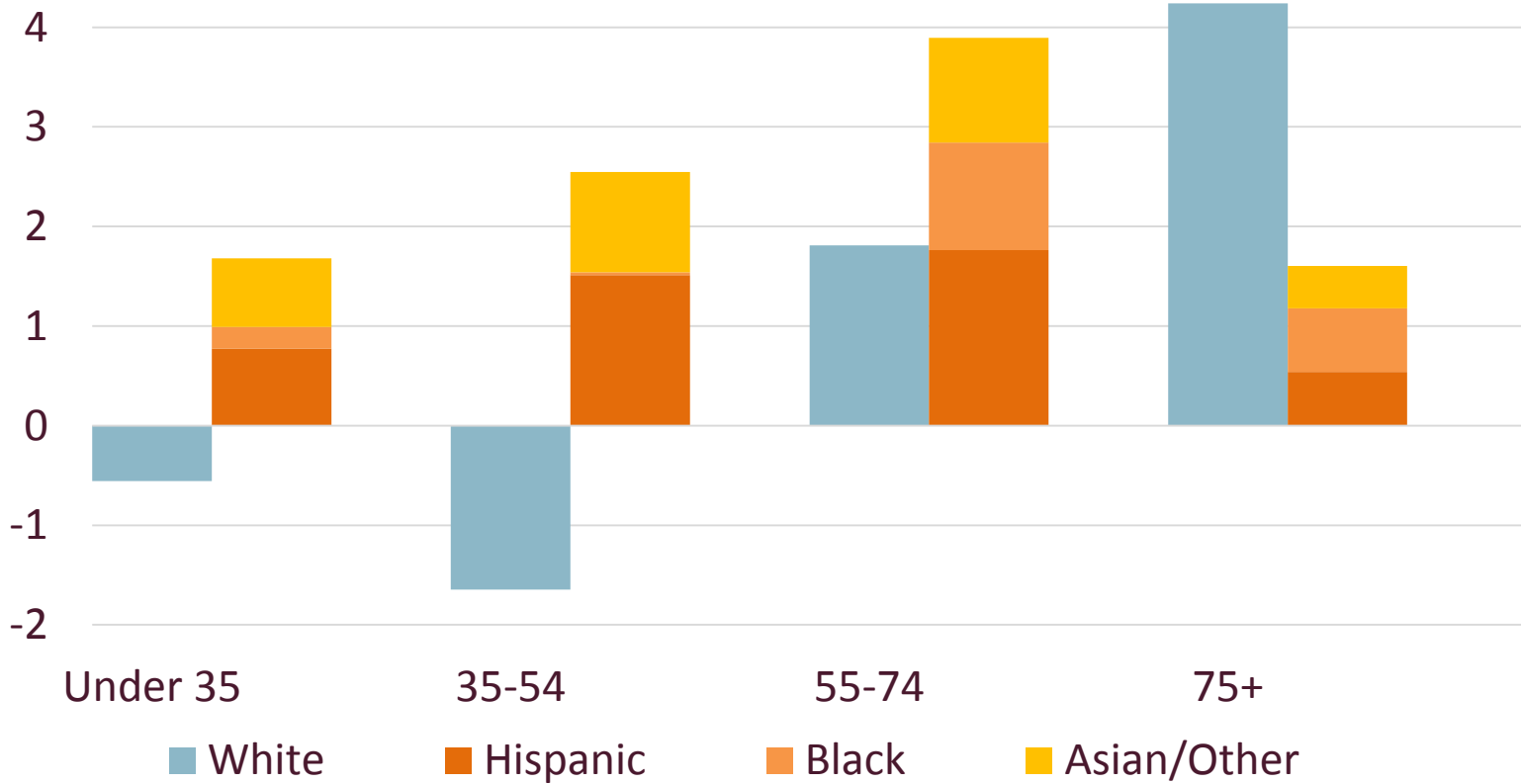


Note: MBA Projections are for 2014-2024.

Sources: Urban Institute (2015) *Headship and Homeownership, What does the Future Hold*; Mortgage Bankers Association (2015) *Housing Demand: Demographics and the Numbers Behind the Coming Multi-Million Increase in Households*; and JCHS tabulations of 2016 JCHS Household Projections.

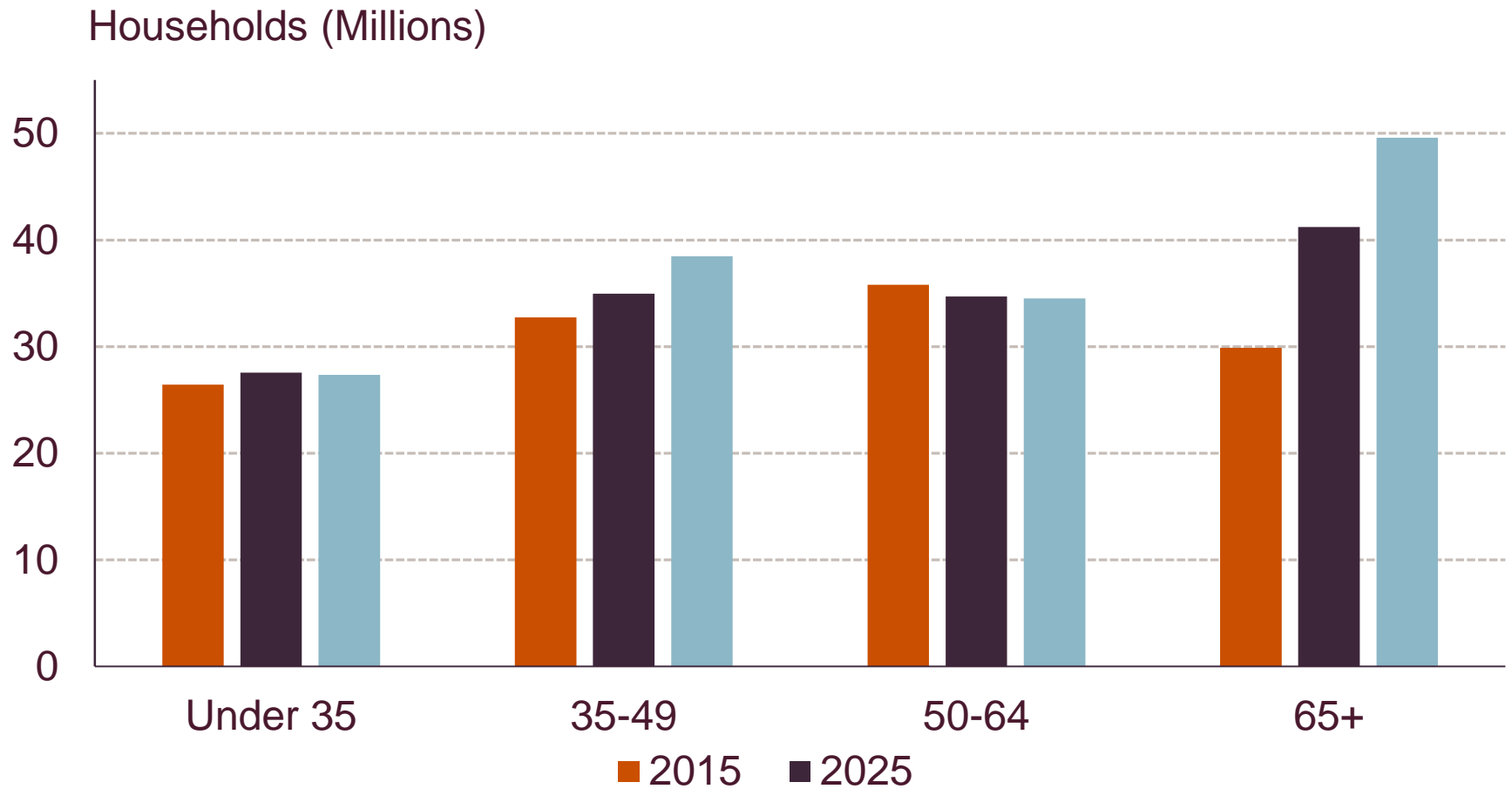
# Minority Household Growth Will be Significant and Extend Across All But the Oldest Ages

Household Growth 2015-2025 (Millions)



Source: 2016 JCHS Household Projections

# The Number of Older Households Will Grow Significantly Over Next Two Decades



Source: 2016 JCHS Household Projections

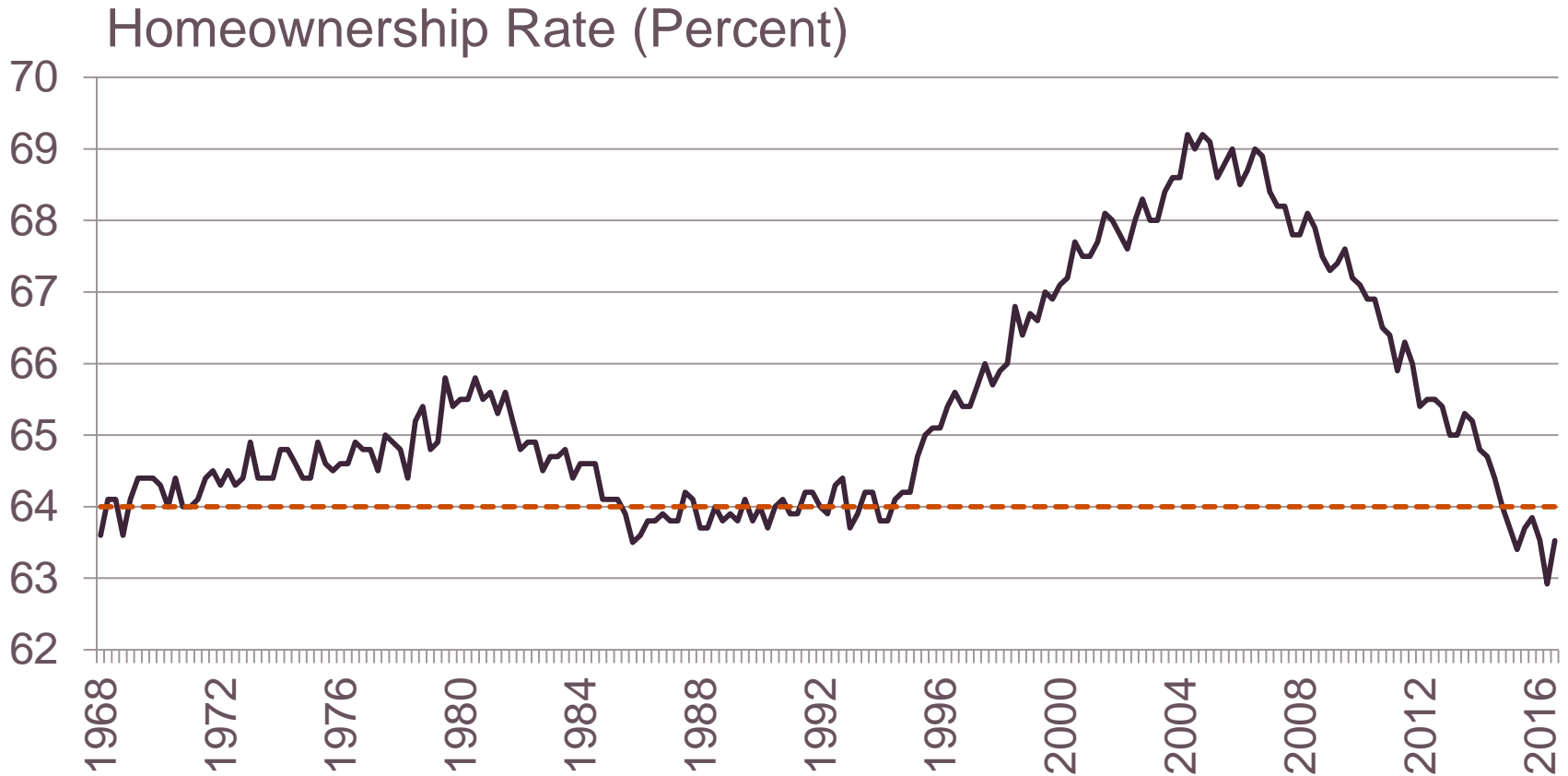


# Prognosis for Homeownership



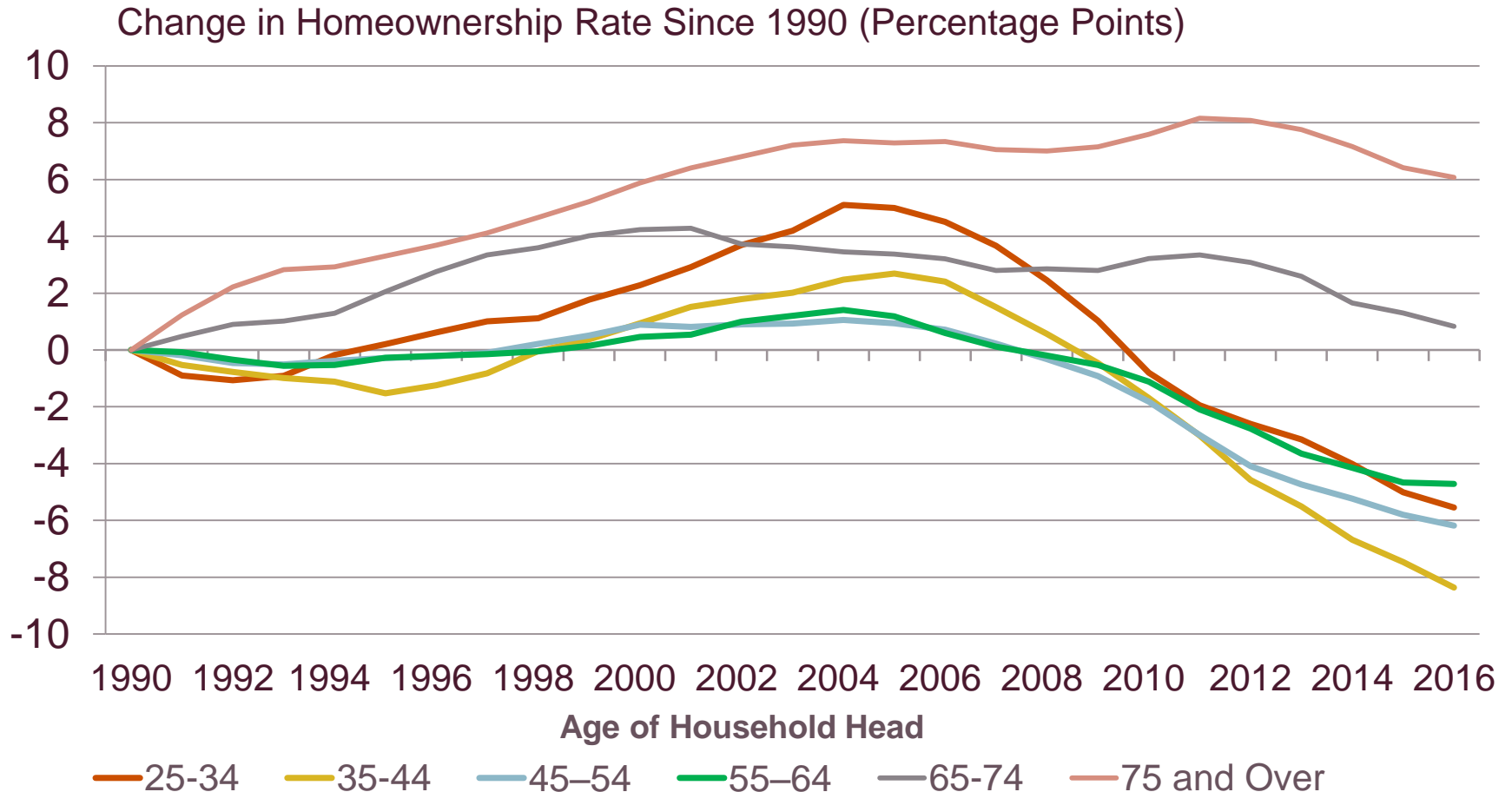
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# The National Homeownership Rate Has Fallen Back to Early 1990s Levels...and Beyond



Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

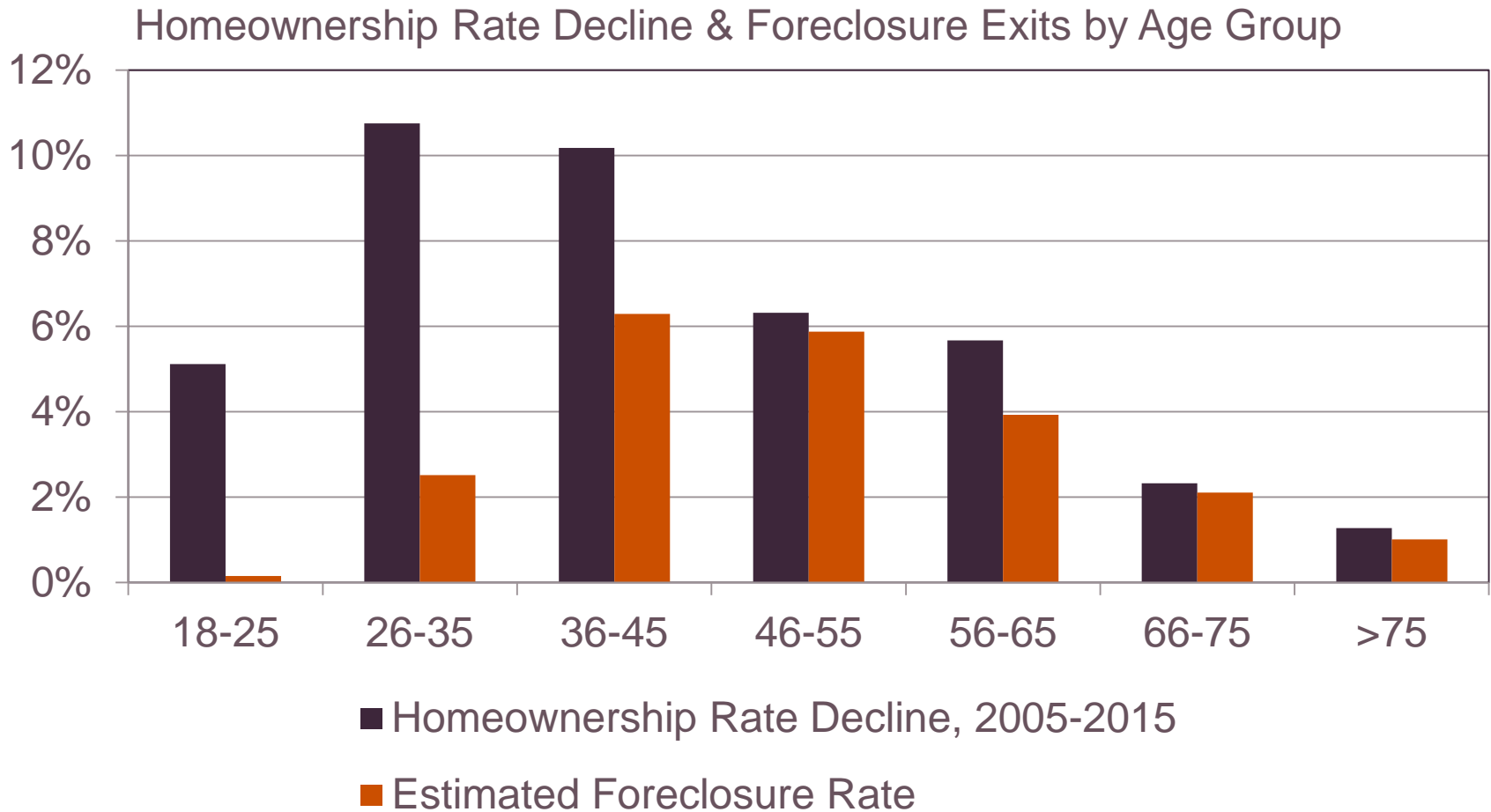
# But Rates Have Fallen Well Below Early 1990s Rates for All But Oldest Age Groups



Note: Based on 3-year annual average rates.

Source: JCHS tabulations of US Census Bureau, Current Population Surveys.

# Foreclosure-Related Exits Account for Most of the Decline in Owning Among Older Households



Source: JCHS tabulations of CPS ASEC and CoreLogic data on foreclosure completions.

# Homeownership Rate Projection Scenarios

## 1. Base Scenario:

- 2015 constant rates by age, race/ethnicity, & family type

## 2. Low Scenario:

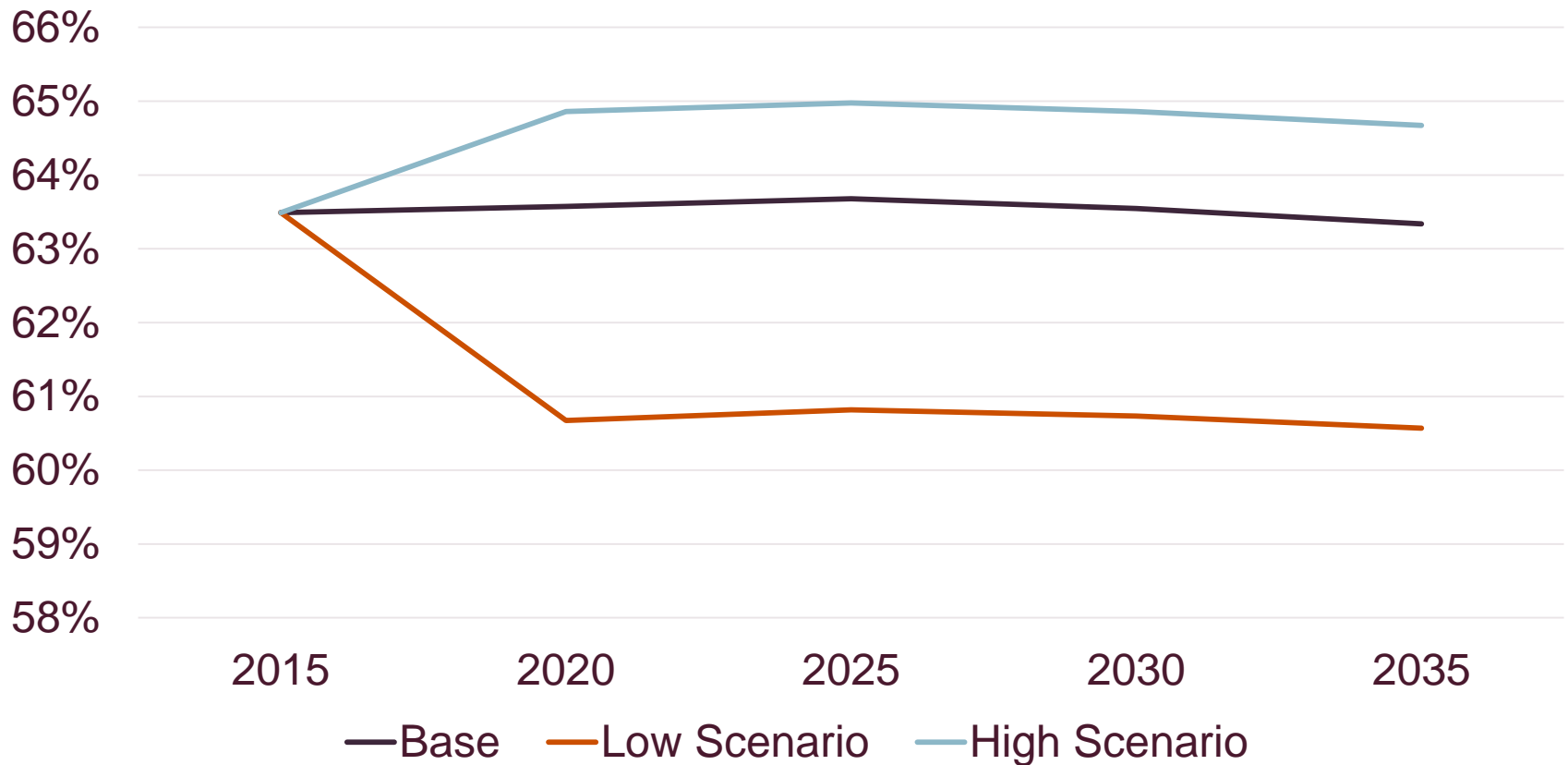
- Continue 2010-15 cohort trend through 2020
- Constant 2020 rates thereafter

## 3. High Scenario:

- Rates rebound to higher of 1995 vs. 2015 rate

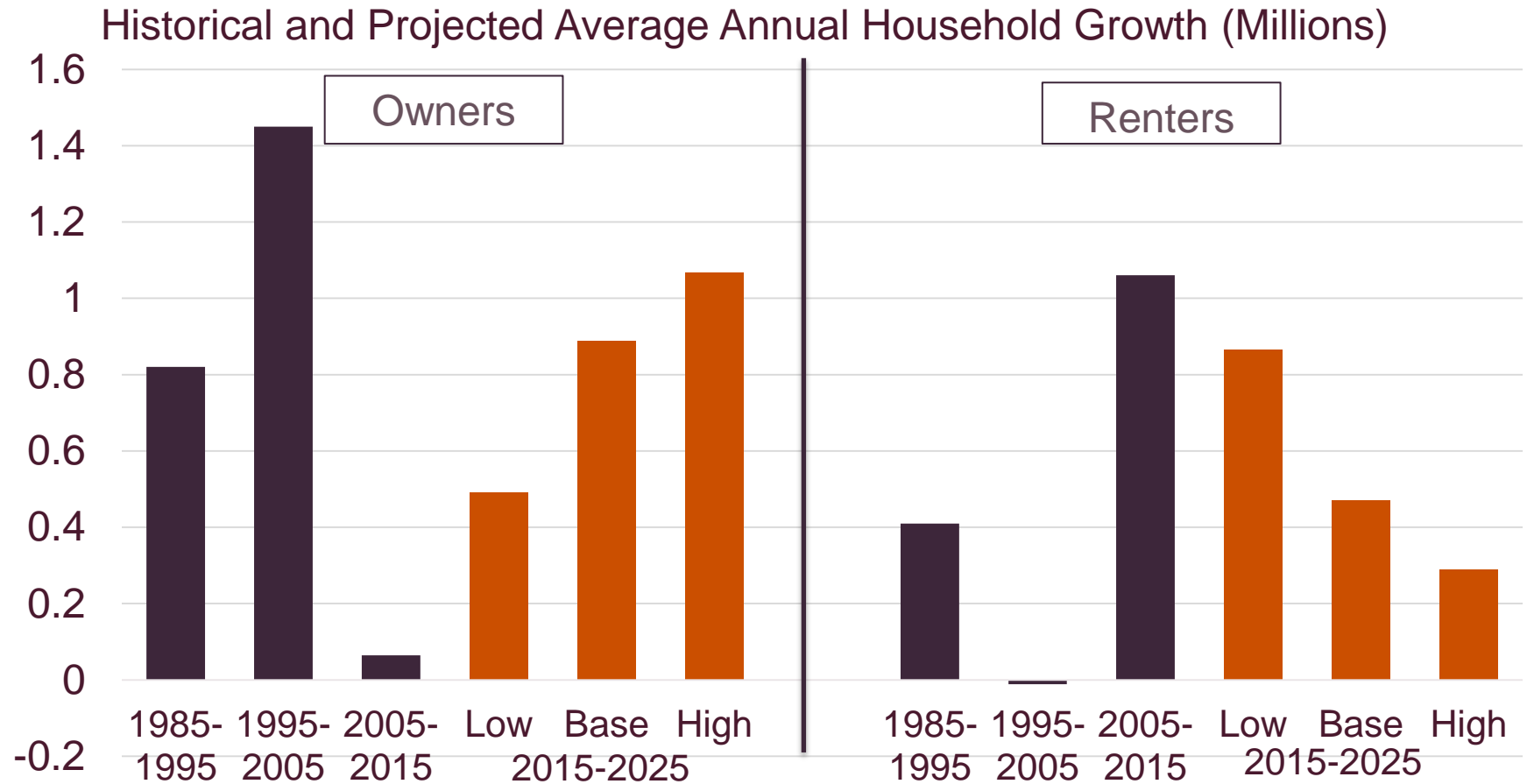
# Projection Scenarios in 2025 for Homeownership Rate Range from About 61 to 65 Percent

Projected Homeownership Rate, 2015-2035.



Source: JCHS projections.

# Under Base Projections Owner and Renter Growth Would be Similar to 1985-1995 Period



Source: JCHS projections.

# Housing Price Recovery

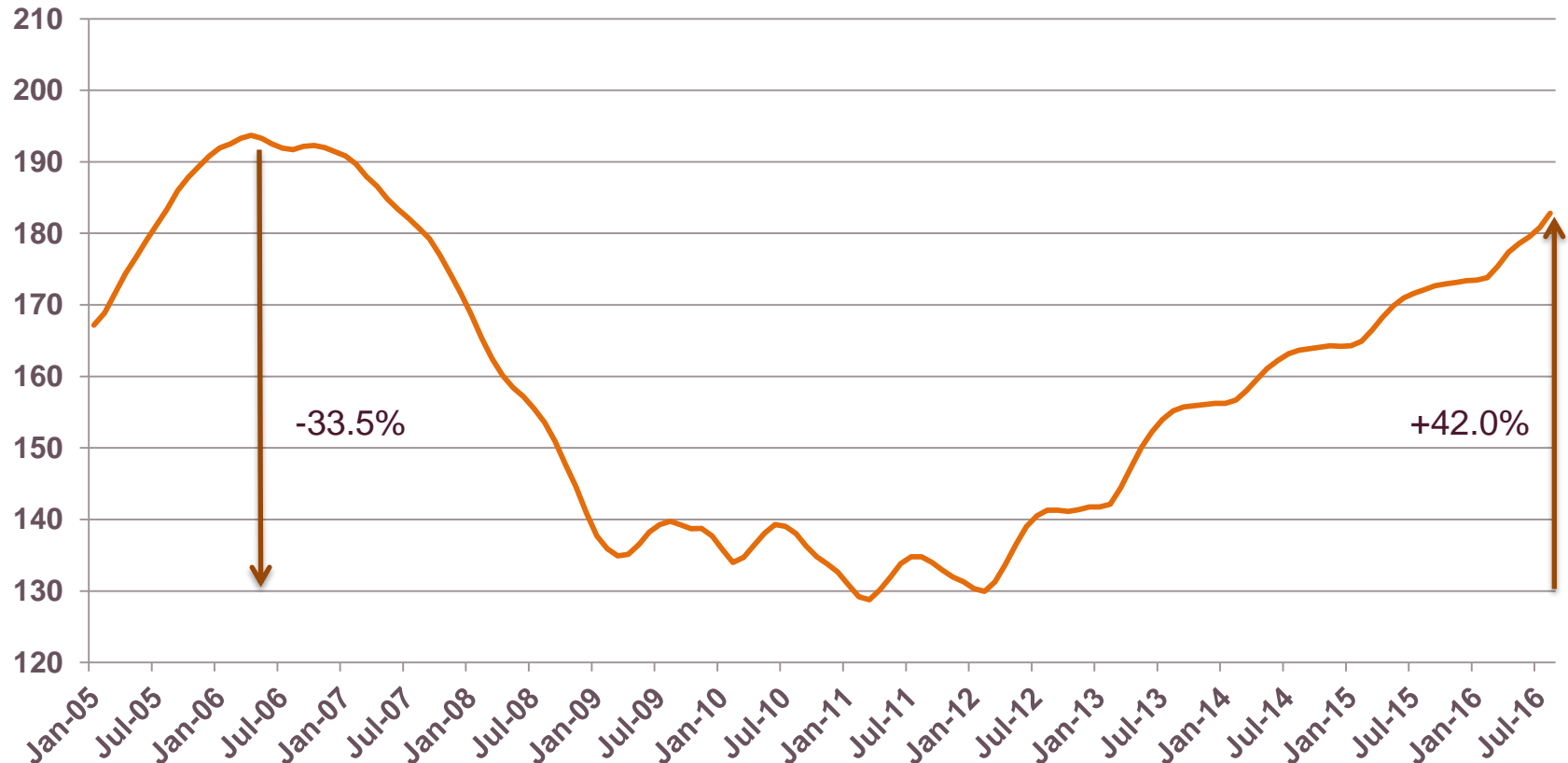


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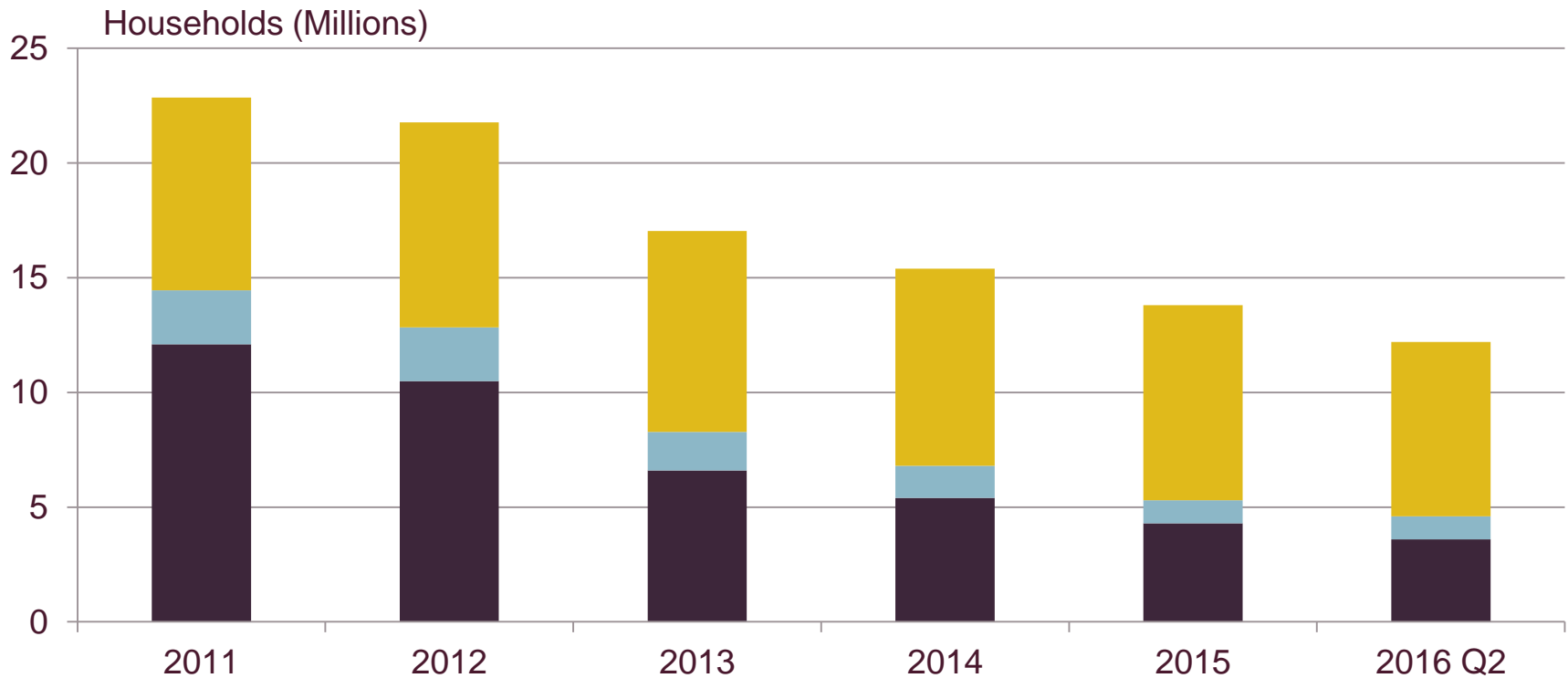
# House Prices Continue to Recover, Now Within 6% of Previous Peak Nationally

Single-family house price index (Jan. 2000=100)



Source: CoreLogic National House Price Index (HPI), Single family attached and detached structures as of August, 2016. Data accessed on 10/11/16.

# The Number of Underwater Homeowners Has Declined Substantially, But Many Borrowers Still Have Little Equity



Borrowers' Equity Levels:

■ Negative

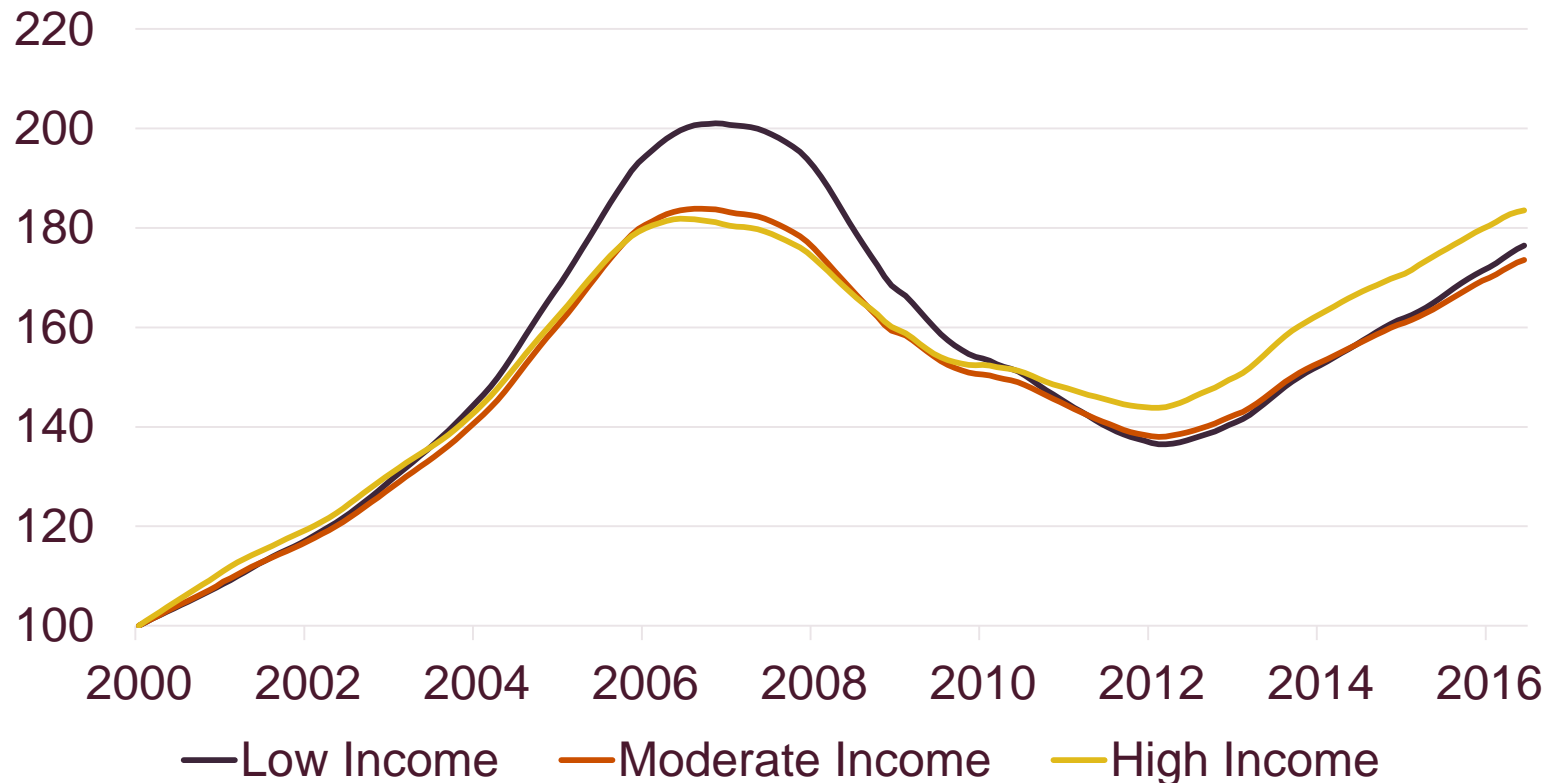
■ Less than 5 Percent

■ 5-20 Percent

Note: Household counts are as of the fourth quarter of each year.  
Source: JCHS tabulations of CoreLogic data.

# The House Price Boom Was More Pronounced in Low-Income ZIPs and So Remain Further From Previous Peak

*ZIP Code Median Home Value as a Percent of 2000 by Income Category*



Note: Low-income (moderate/high income) zip codes have median incomes that are below 80% (between 80 and 120%/120% or higher) compared to metro area median.

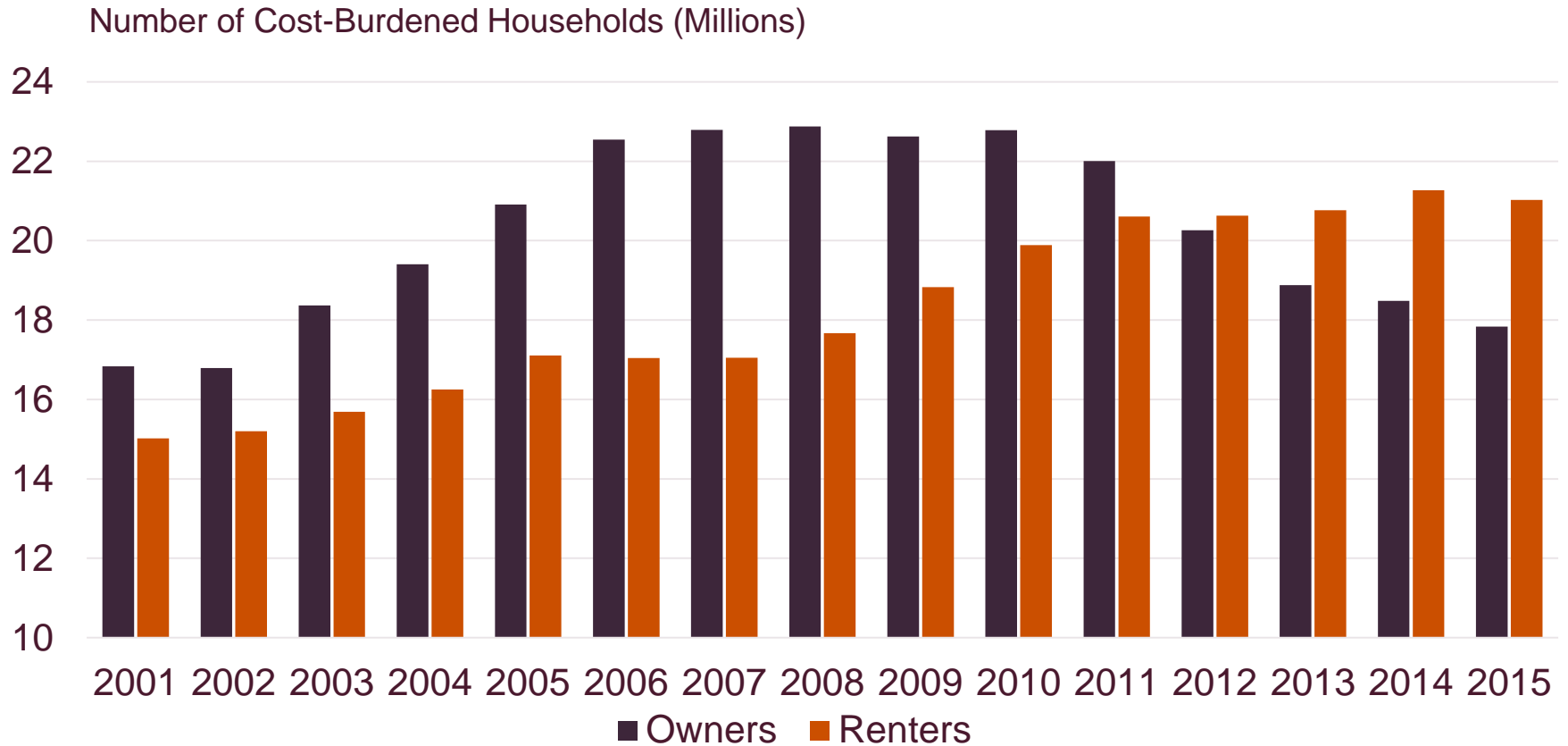
Source: JCHS tabulations of Zillow Home Value Index data and ACS 2014 5-year data.

# Housing Affordability Trends



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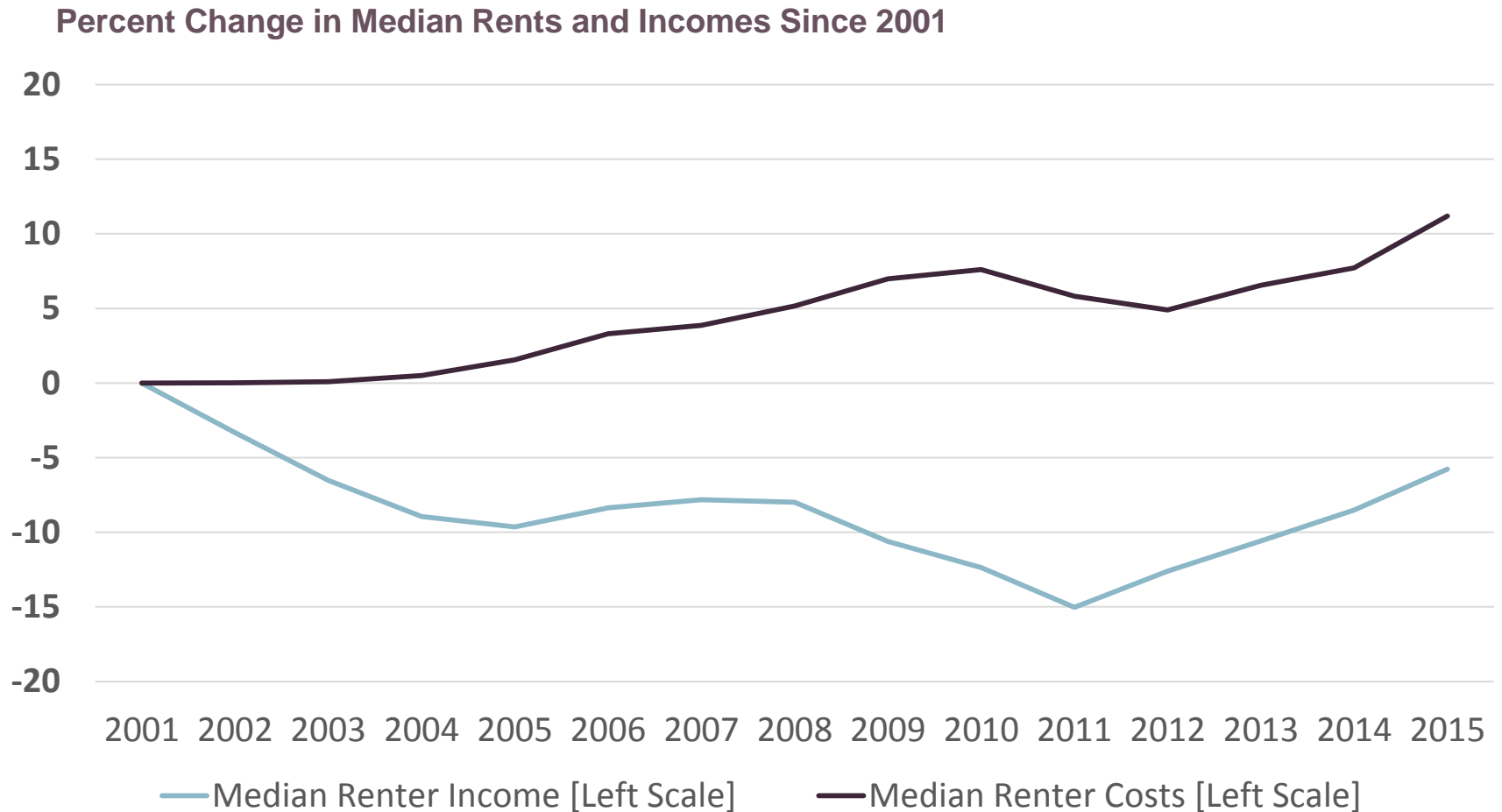
# Number of Cost-Burdened Renters Still Near Record High while Number of Cost-Burdened Owners Continues to Fall



Note: Cost burdens are defined as housing costs (rent and utilities) that are more than 30 percent of household income.

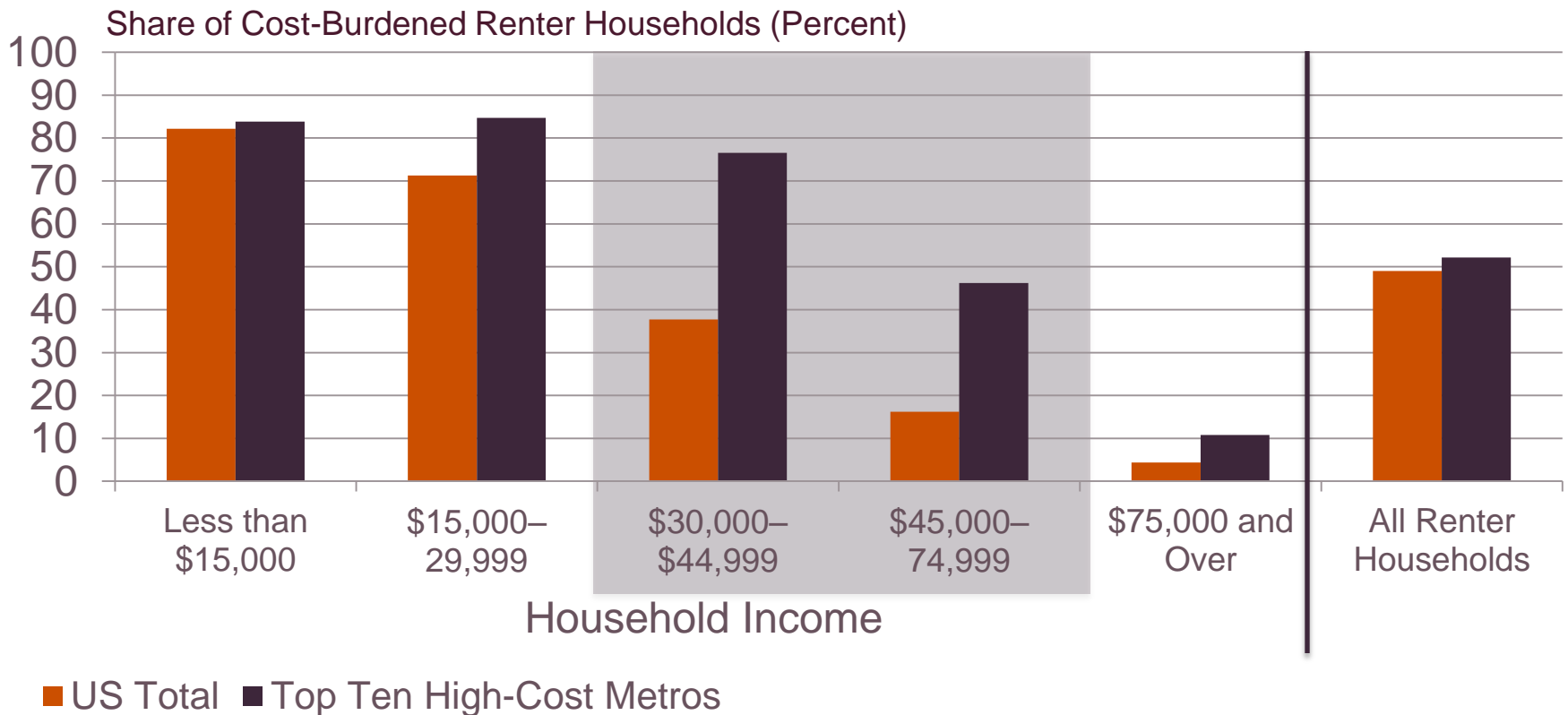
Source: JCHS tabulations of US Census Bureau, American Community Surveys. :

# Sharp Rise in Cost-Burdened in 2000s Reflects Long-term Increases in Housing Costs and Declines in Incomes



Source: JCHS tabulations of US Census Bureau, American Community Surveys

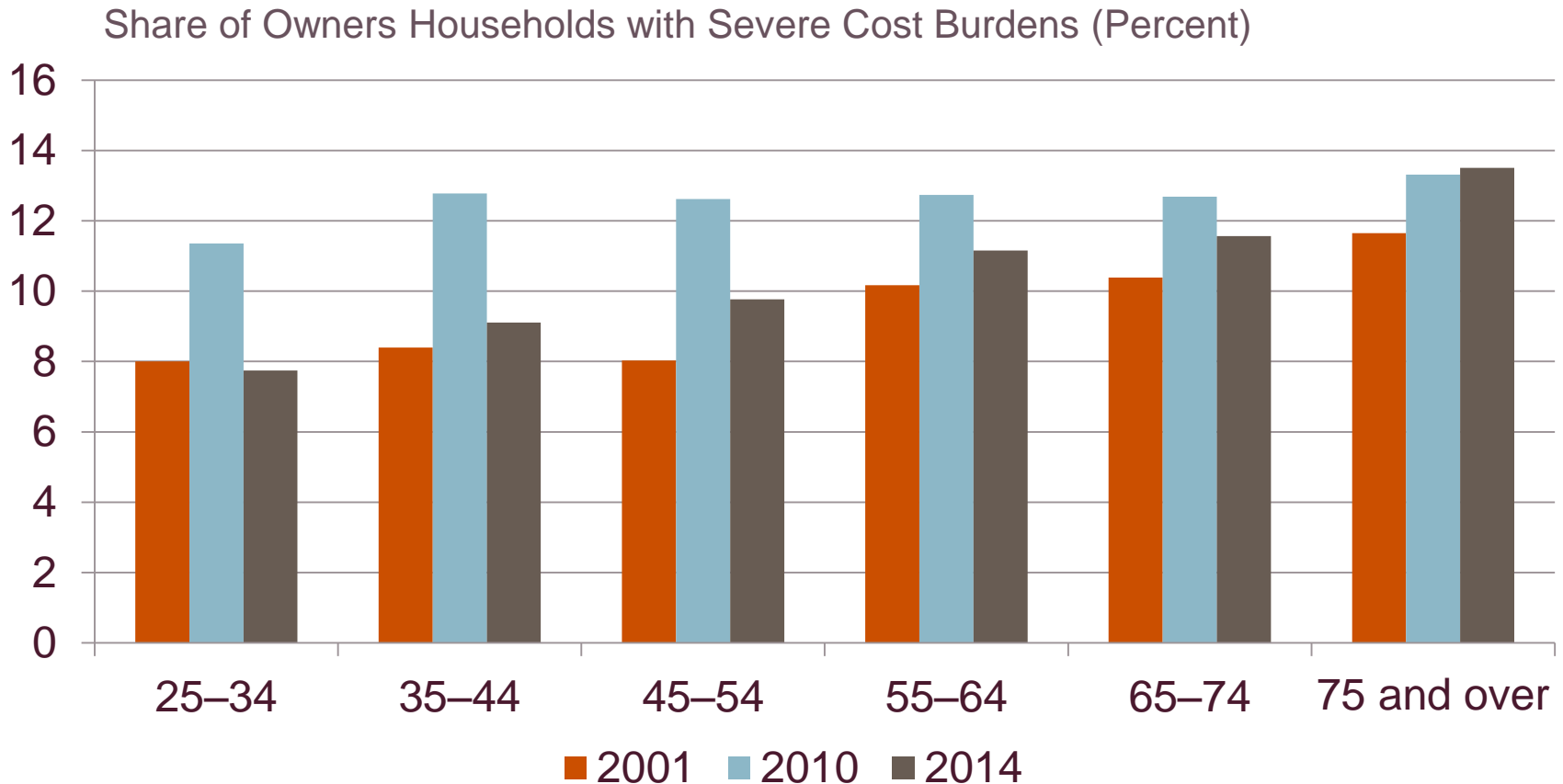
# Even Moderate Income Renters Struggle to Afford Housing, Particularly in High-Cost Metros



Notes: Cost burdens are defined as housing costs of more than 30% of household income. The top ten high-cost metros are based on metro rankings by median monthly gross rents.

Source: JCHS tabulations of the American Community Survey, 2013.

# Decline in Severe Cost Burdens Among Owners Has Not Been Evident Among Oldest Owners

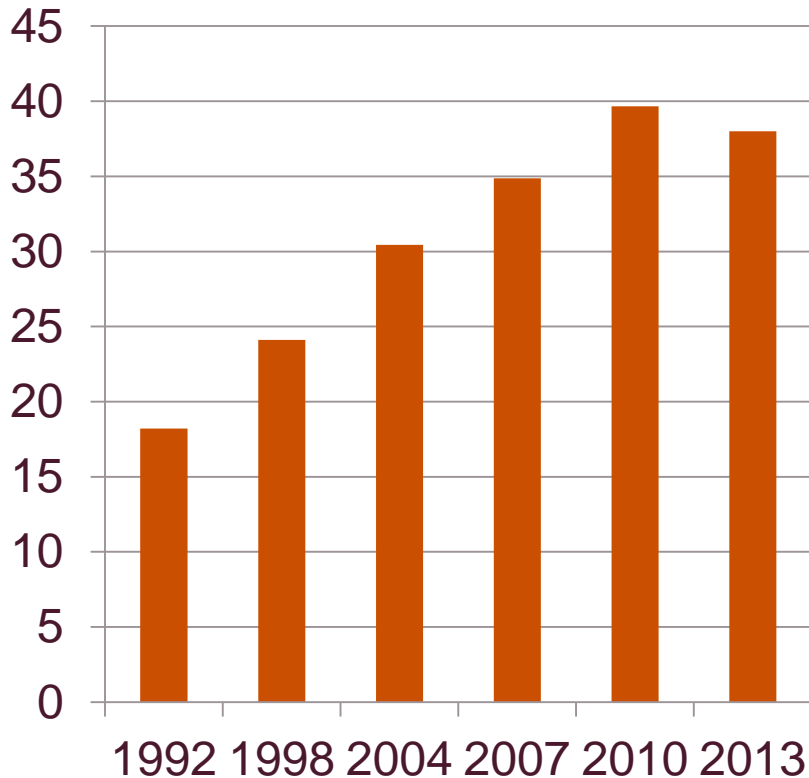


Notes: Cost burdens are defined as housing costs more than 50% of household income.  
JCHS tabulations of US Census Bureau, American Community Surveys.

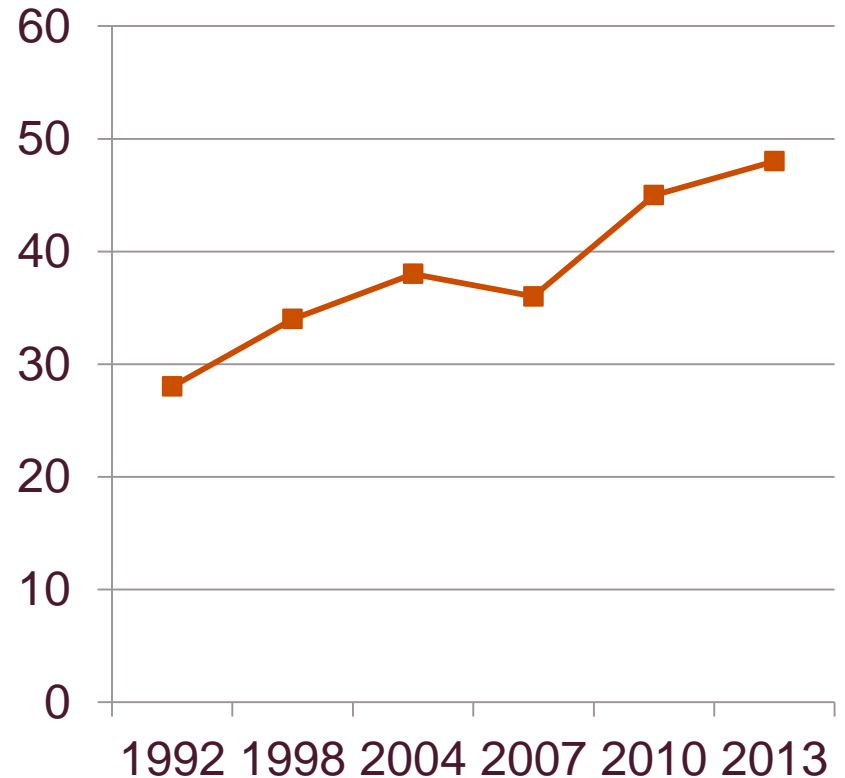


# Households 65 and Over Are Carrying More Mortgage Debt in Their Retirement Years

Share of Owners with Mortgage Debt (Percent)



Average Loan-to-Value Ratio for Owners with Mortgages (Percent)

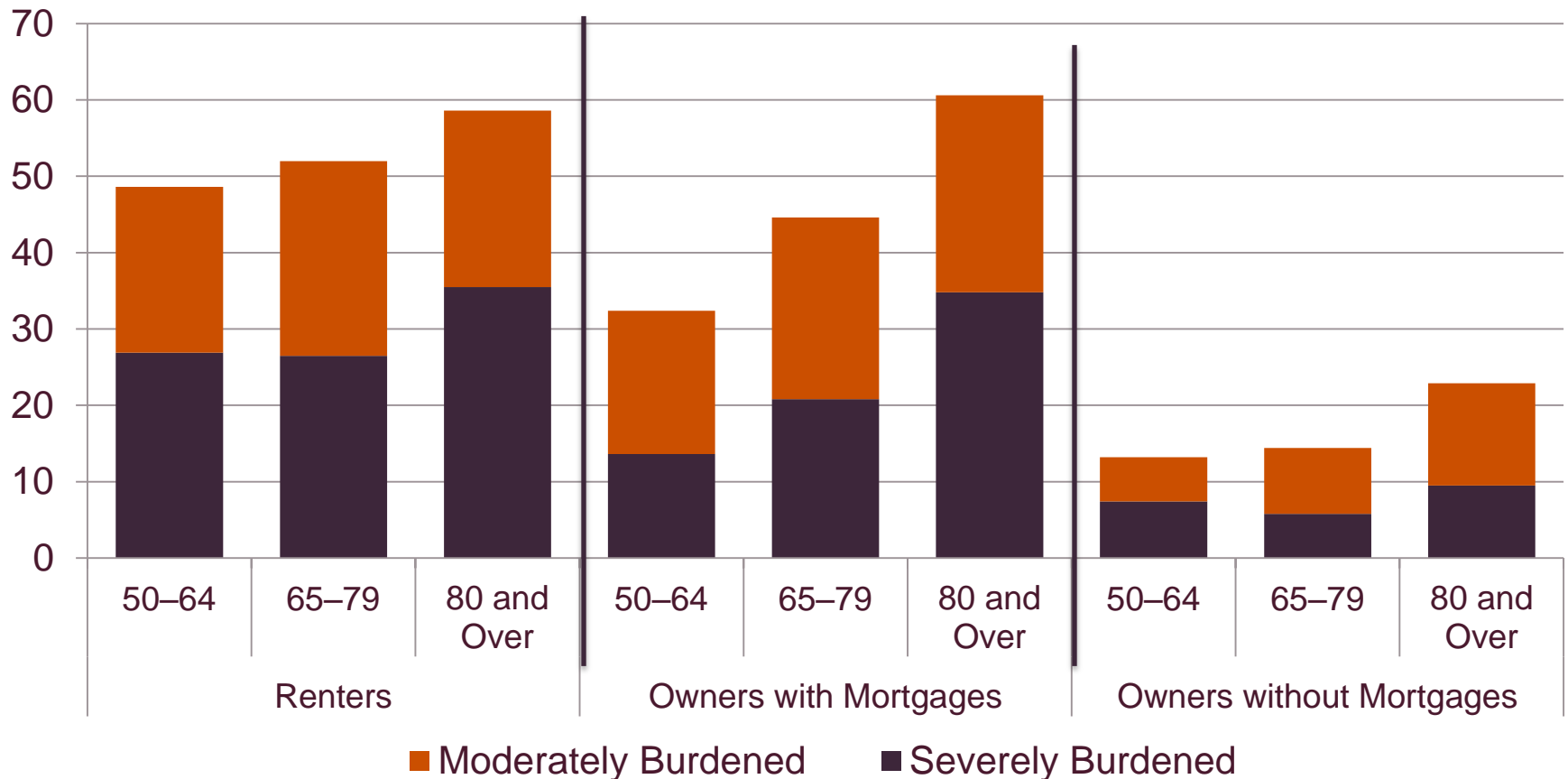


Note: Estimates include only owner households with mortgages on primary residences.

Source: JCHS tabulations of Federal Reserve Board, Surveys of Consumer Finances.

# Households Owning Their Homes Outright Are Much Less Likely to Be Cost Burdened

Share of Households by Age Group (Percent)



Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.