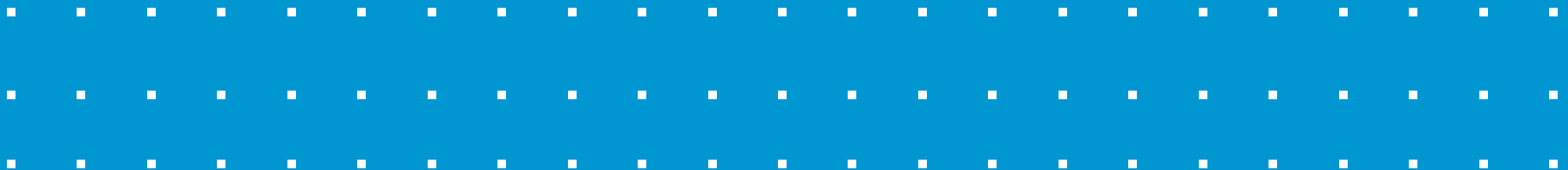




# Housing & Mortgage Market Challenges & Opportunities

Alanna McCargo  
Co-Director, Housing Finance Policy Center  
Urban Institute

NAAHL  
December 1, 2016  
Washington, DC



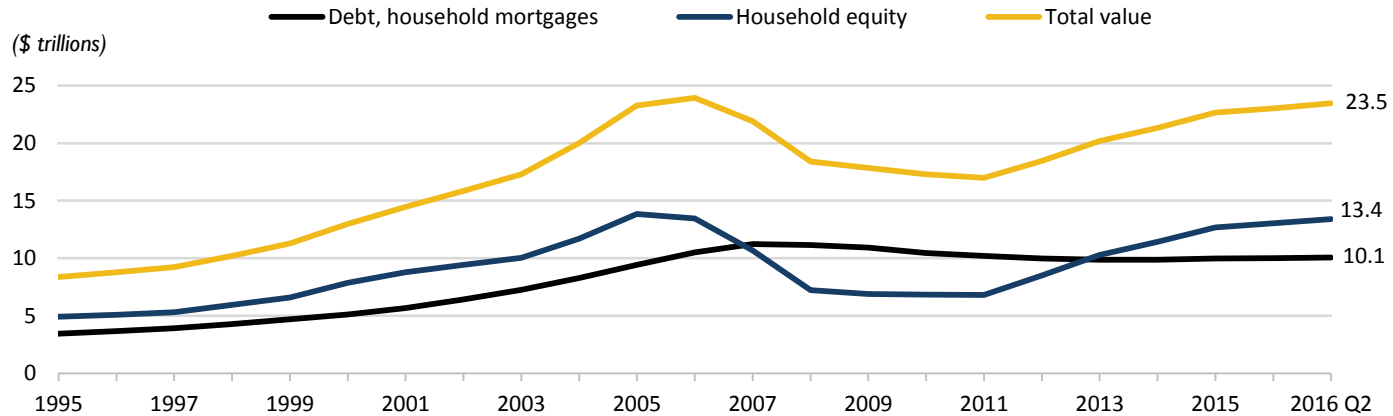
# Key Mortgage Market Questions

## Key Questions for U.S. Housing & Mortgage Markets:

- What does the overall mortgage market look like?
- What does HMDA tell us about the state of the mortgage market?
- How do we reach a broader population of homebuyers?
  - First time homebuyers
  - Low-to-moderate income borrowers
  - Minority populations
- How tight is the Credit Box?
- Do we have a housing supply problem?

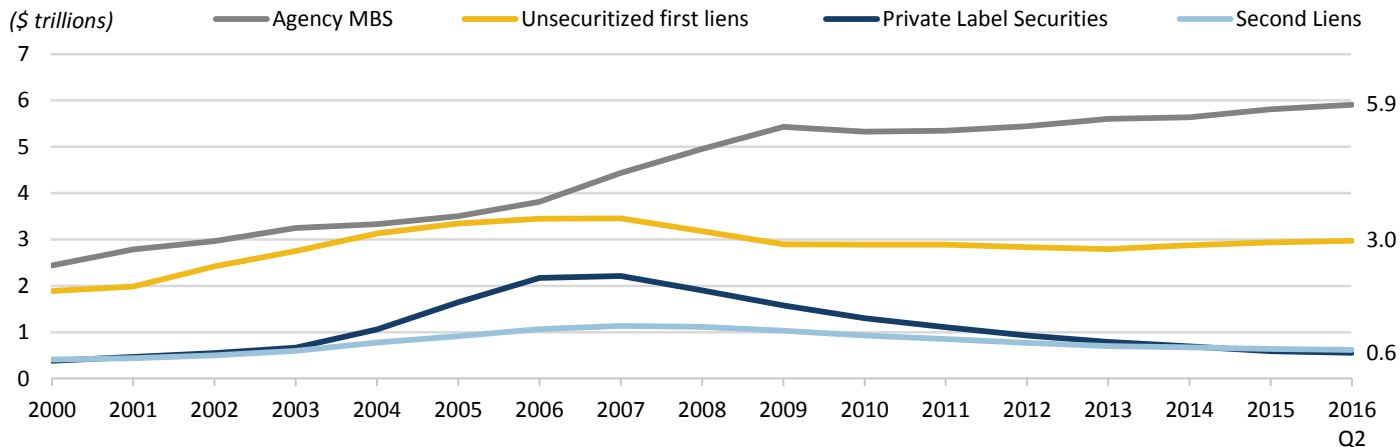
# Value & Size of U.S. Housing Market

## Value of the US Housing Market



Sources: Federal Reserve Flow of Funds and Urban Institute.

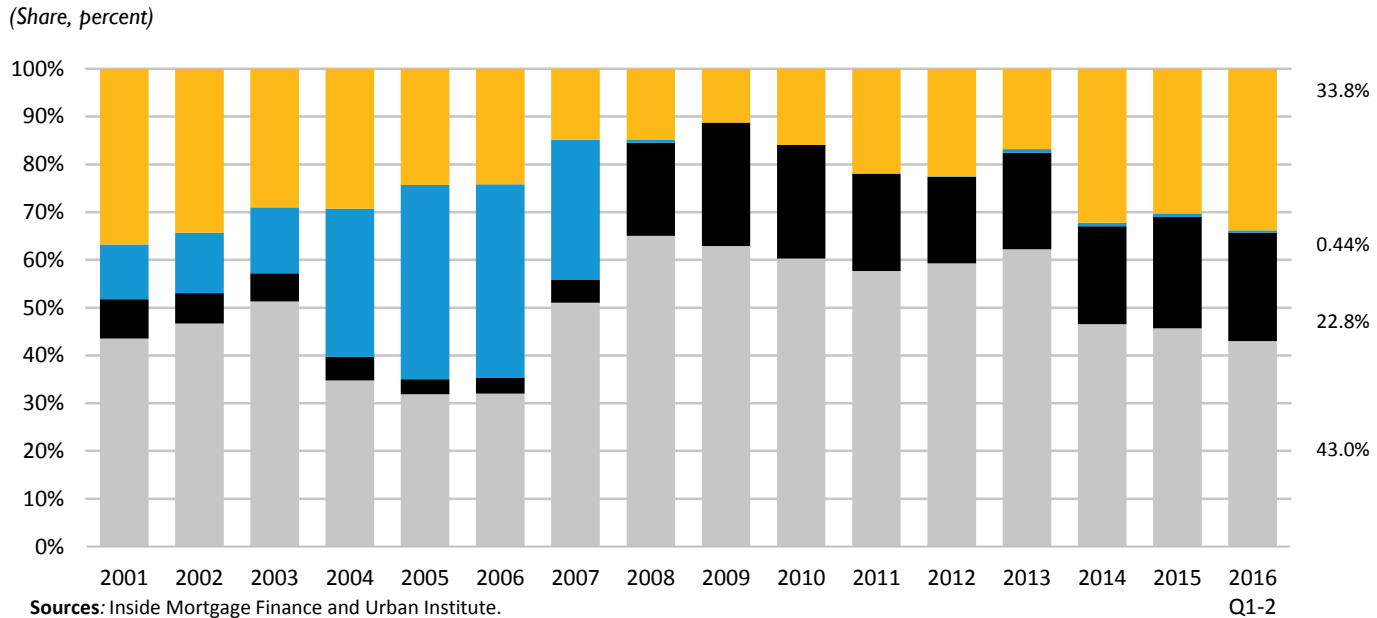
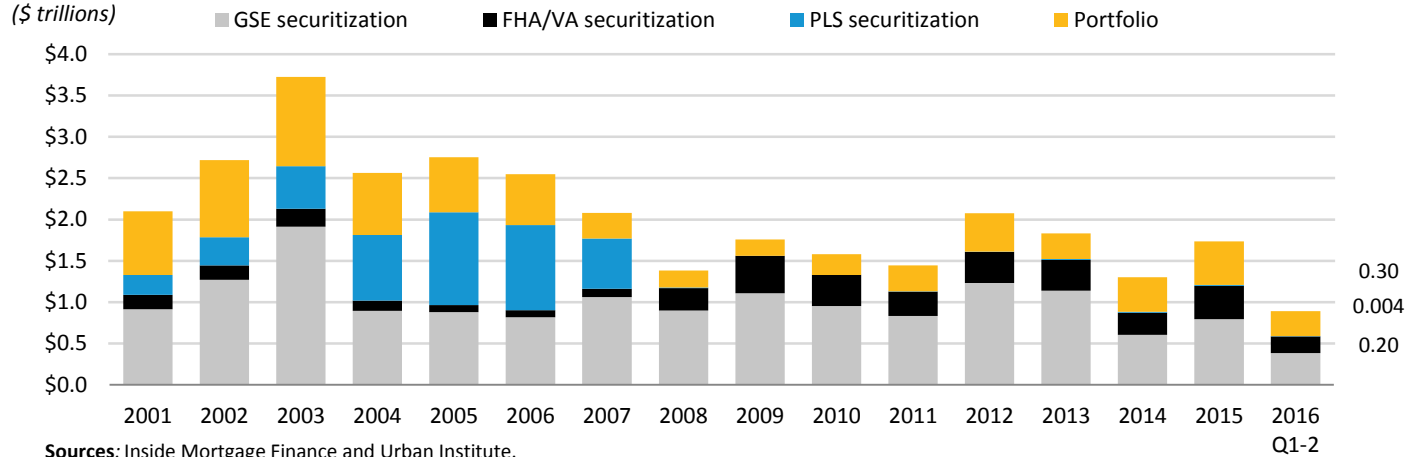
## Size of the US Residential Mortgage Market



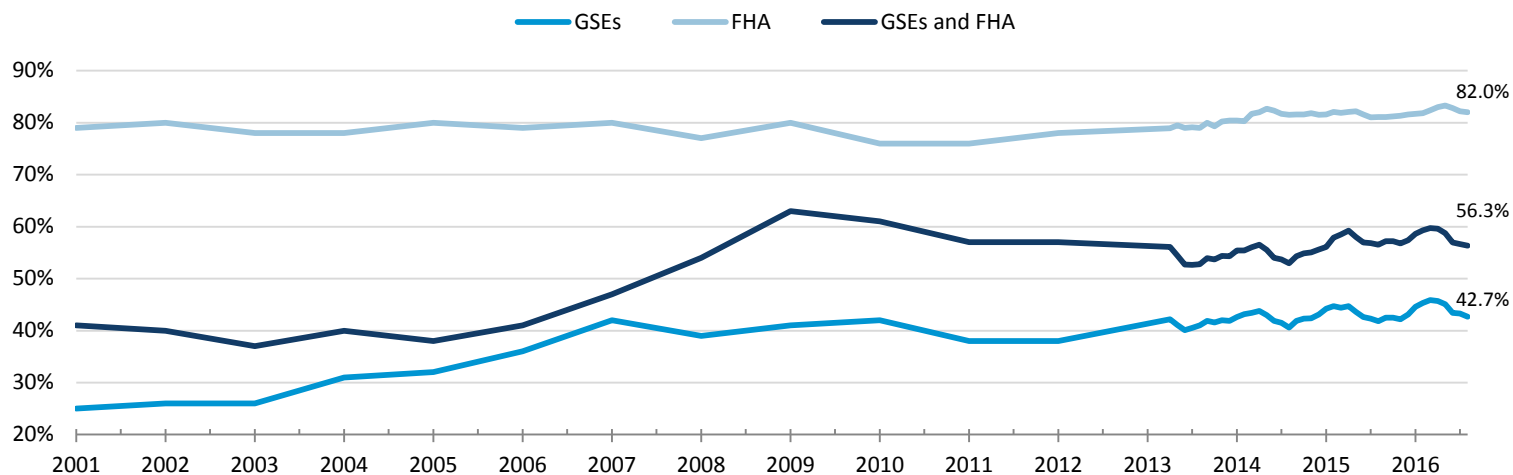
Sources: Federal Reserve Flow of Funds, Inside Mortgage Finance, Fannie Mae, Freddie Mac, eMBS and Urban Institute.

Note: Unsecuritized first liens includes loans held by commercial banks, GSEs, savings institutions, and credit unions.

# Mortgage Origination Volume (first lien)



# First-Time Homebuyer Share



Sources: eMBS, Federal Housing Administration (FHA) and Urban Institute.

Note: All series measure the first-time homebuyer share of purchase loans for principal residences.

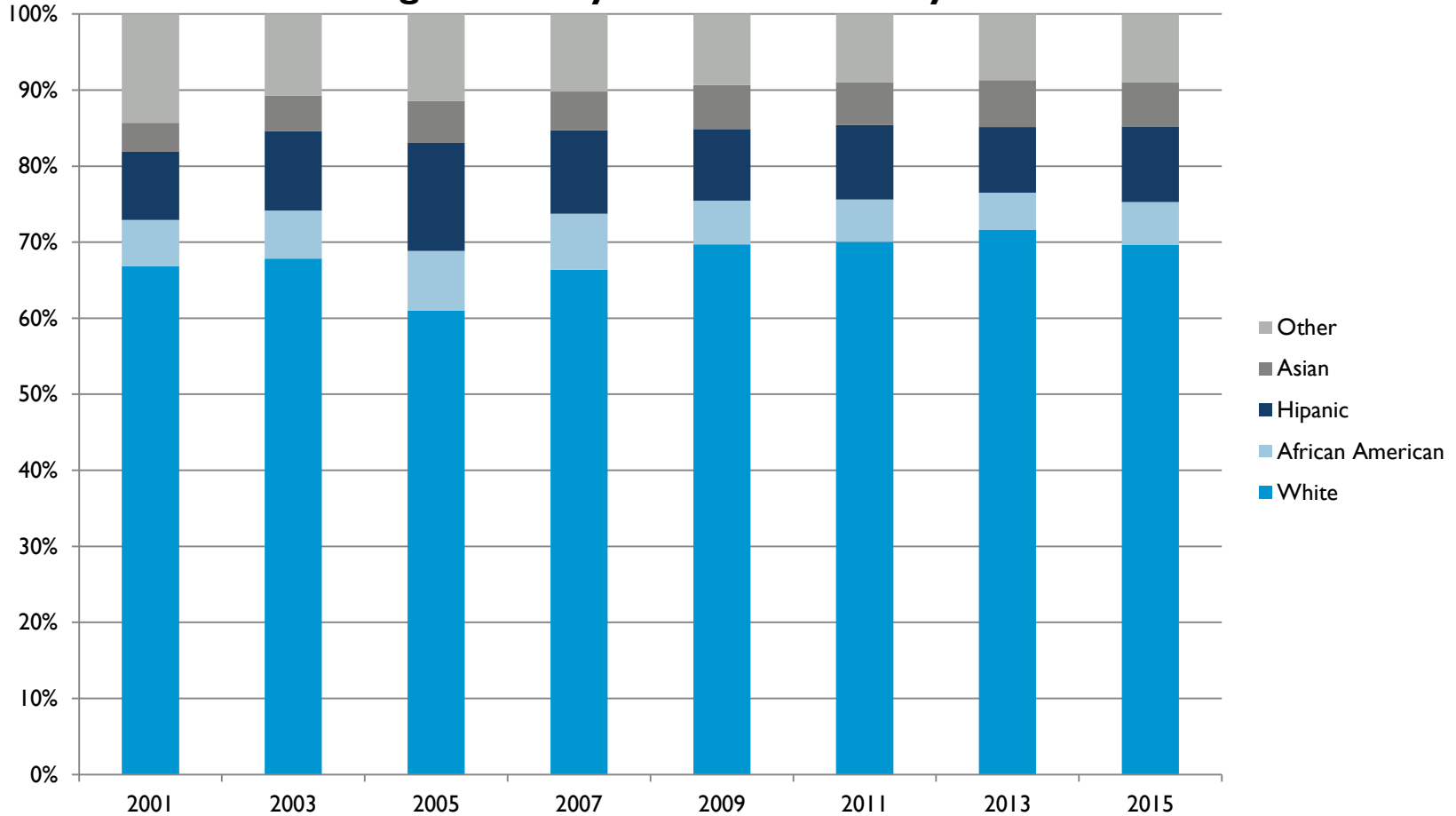
Characteristics	GSEs		FHA		GSEs and FHA	
	First-time	Repeat	First-time	Repeat	First-time	Repeat
Loan Amount (\$)	226,091	249,867	195,264	217,553	211,367	243,524
Credit Score	741.4	755.3	680.07	687.88	712.13	742.07
LTV (%)	86.43	79.52	95.6	94.41	90.42	82.04
DTI (%)	33.51	34.22	40.92	41.77	37.05	35.7
Loan Rate (%)	3.69	3.59	3.69	3.61	3.69	3.59

Sources: eMBS and Urban Institute.

Note: Based on owner-occupied purchase mortgages originated in August 2016.

# HMDA Originations by Race/Ethnicity

## Share of Purchase Originations by Race and Ethnicity



Source: HMDA and Urban Institute Calculations

Note: includes all owner-occupied purchase loans, not limited to first liens.

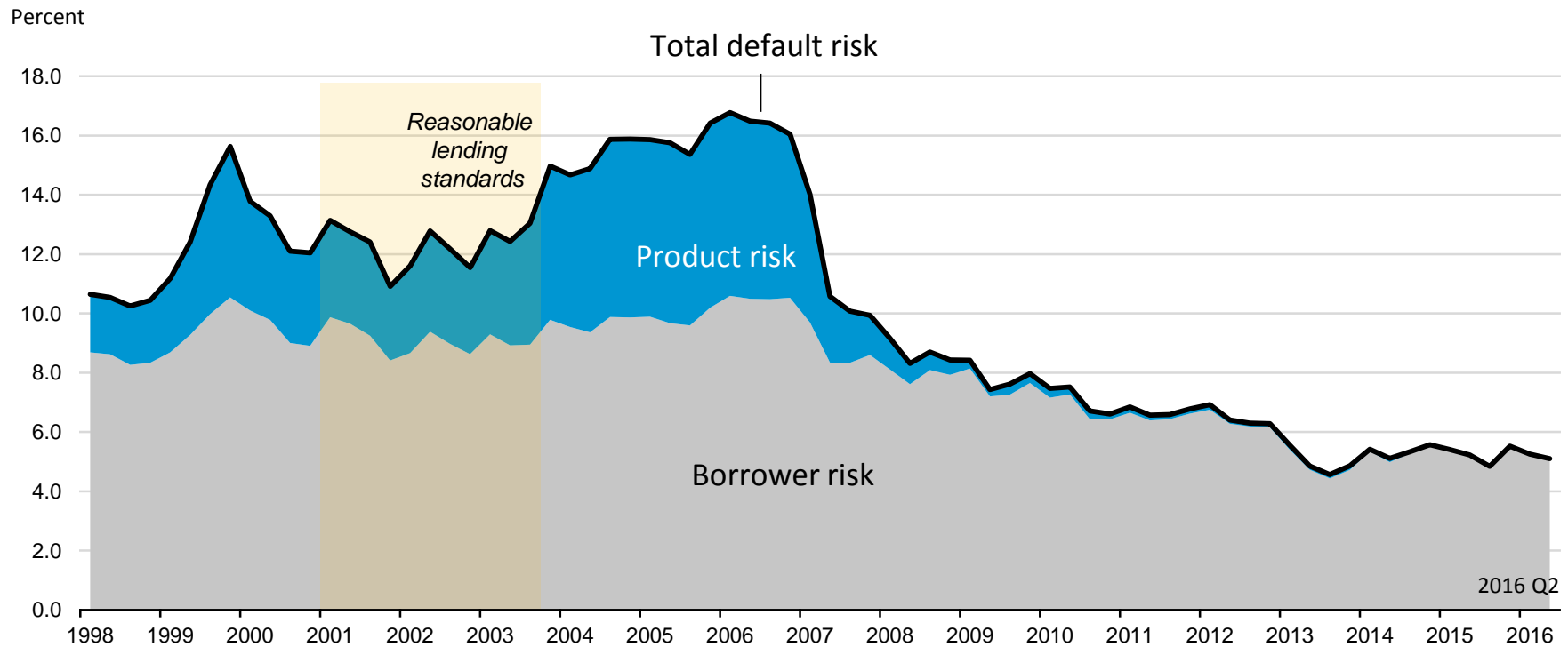
# HMDA: Loan Applications and Originations

	2004	2006	2009	2012	2013	2014	2015
Total Applications	28,461,119	27,869,203	15,198,963	15,523,974	14,221,745	10,252,728	12,272,148
Total Originations	15,028,550	13,970,183	8,950,936	9,783,966	8,706,657	6,039,826	7,404,258
One to Four-Family Loans	14,720,527	13,673,668	8,784,295	9,623,577	8,531,695	5,882,976	7,231,265
Manufactured Housing Loans	259,873	256,414	147,506	123,628	135,101	121,477	132,255
Multifamily Loans	48,150	40,101	19,135	36,761	39,861	35,373	40,738

Sources: HMDA; Urban Institute Calculations

# Access to Credit: Housing Credit Availability Index (HCAI)

## Default Risk Taken by the Mortgage Market, 1998Q1–2016Q2



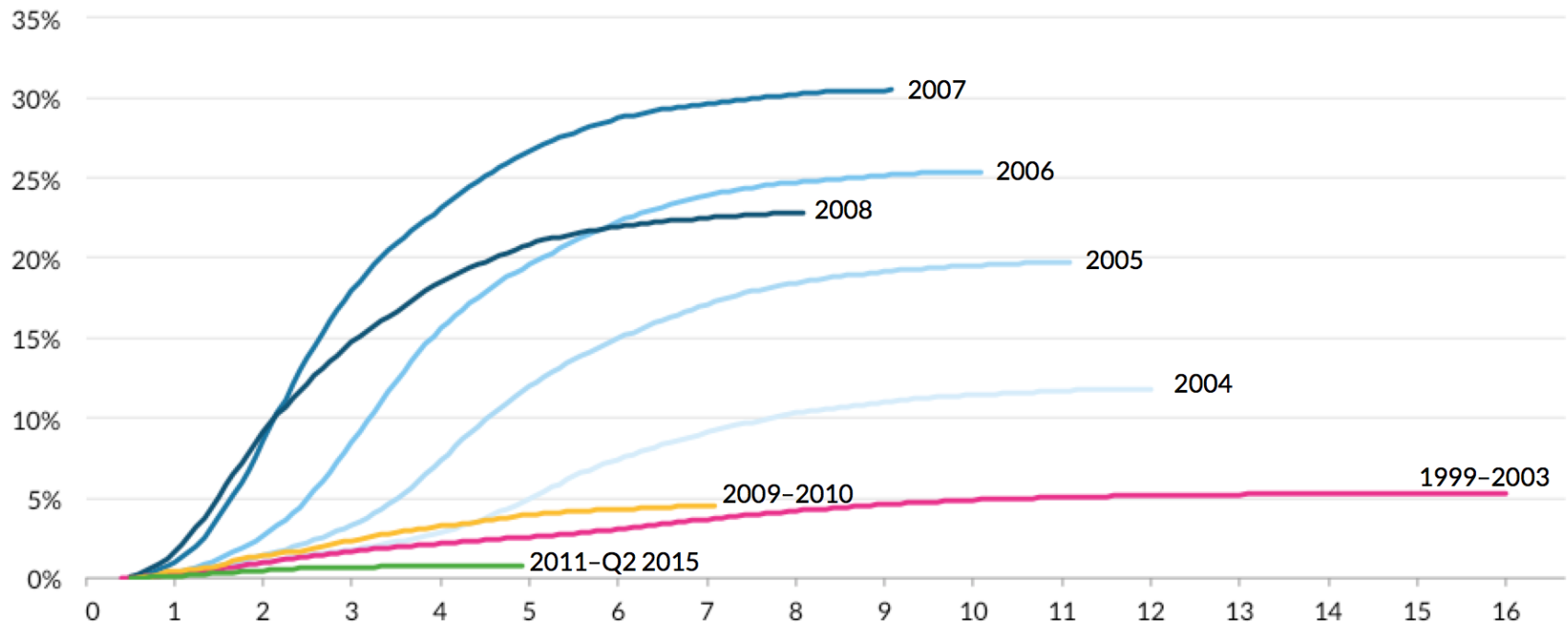
Sources: eMBS, Federal Housing Administration (FHA) and the Urban Institute.

Note: All series measure the first-time homebuyer share of purchase loans for principal residences.



# Today's mortgage borrowers are not defaulting - their perfection is 'off the charts'

Fannie Mae Cumulative Default Rate by Vintage Year  
For Loans with FICO <700, LTV 80-90



Sources: Fannie Mae and the Urban Institute.

Note: LTV = loan-to-value ratio.

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Sources: Fannie Mae Single Family Loan-Level Dataset and Urban Institute calculations

# 1.1 million missing loans in 2015

## How Many Purchase Loans are Missing because of Credit Availability

Loan category	2001, scaled to HMDA	2015, scaled to HMDA	Actual Percent decline	2015, assuming no constraint >700	Difference between >700 unconstrained and actual
FICO below 660	1,433,986	503,013	65%	1,414,087	911,074
FICO 660-700	861,047	686,073	20%	849,099	163,026
FICO above 700	2,356,516	2,323,816	1%		
Total	4,651,549	3,512,903	32.41%		1,074,099

Source: Urban Institute calculations based on Home Mortgage Disclosure Act, CoreLogic and eMBS data.

Note: FICO = Fair Isaac Corporation.

Cumulative missing loans, 2009-2015: **6.3** million

# Supply/Demand Gap 2015

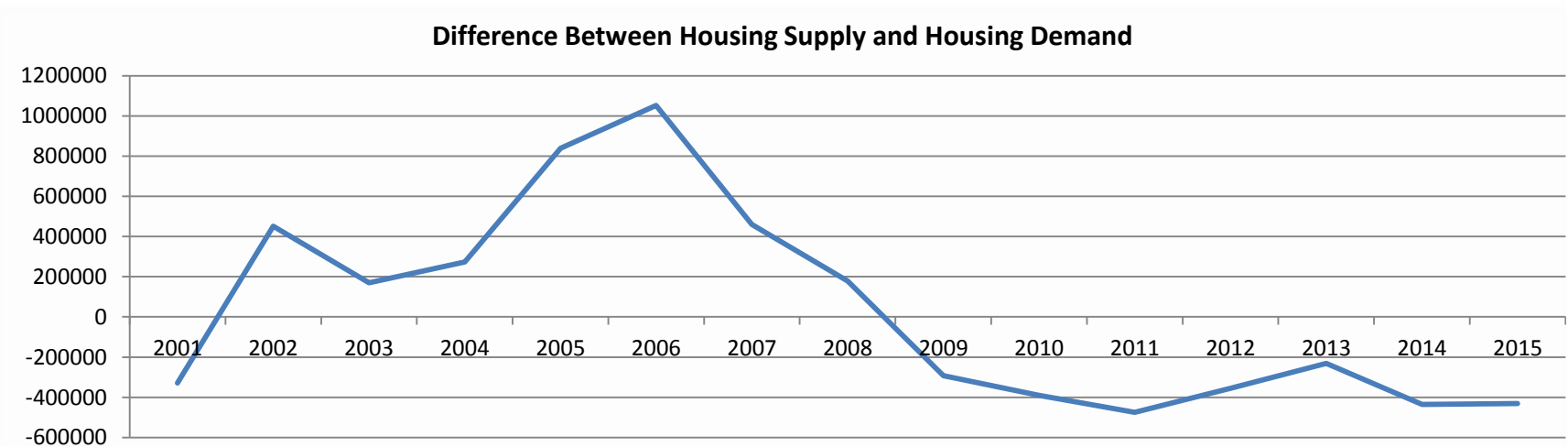
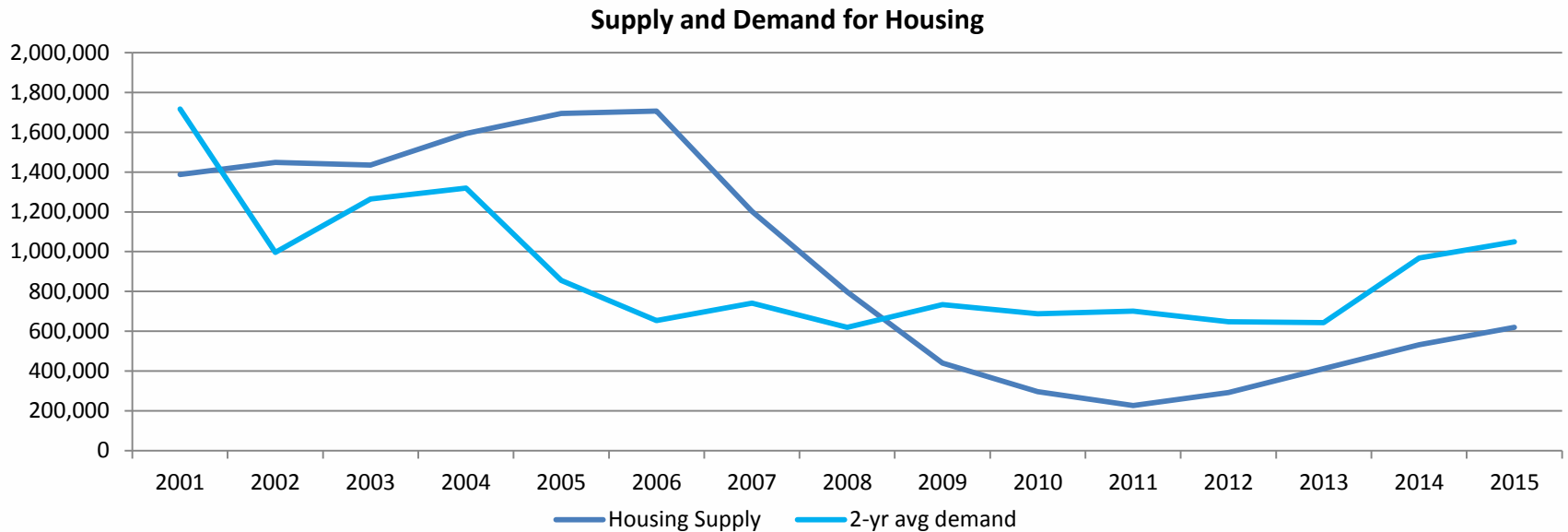
(Thousands of Units)

	I-4 family	5+ family	Total
Private Residential Completions	657	310	968
Manufactured Houses			69
Gross New Supply			1037
Less: Obsolescence Rate*			418
Net New Units			619
Household Formation			1050
Supply/Demand Gap			-431

\* 0.31% of existing stock

Source: US Census Bureau, U.S. Department of Housing and Urban Development(obsolescence rate)

# The Supply/Demand Picture, A Time Series



Source: US Census data, Urban Institute Calculations