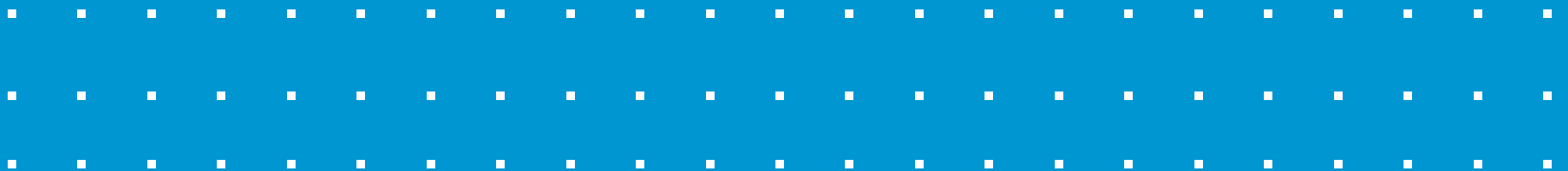




Role of HFAs and FHA in supporting homeownership

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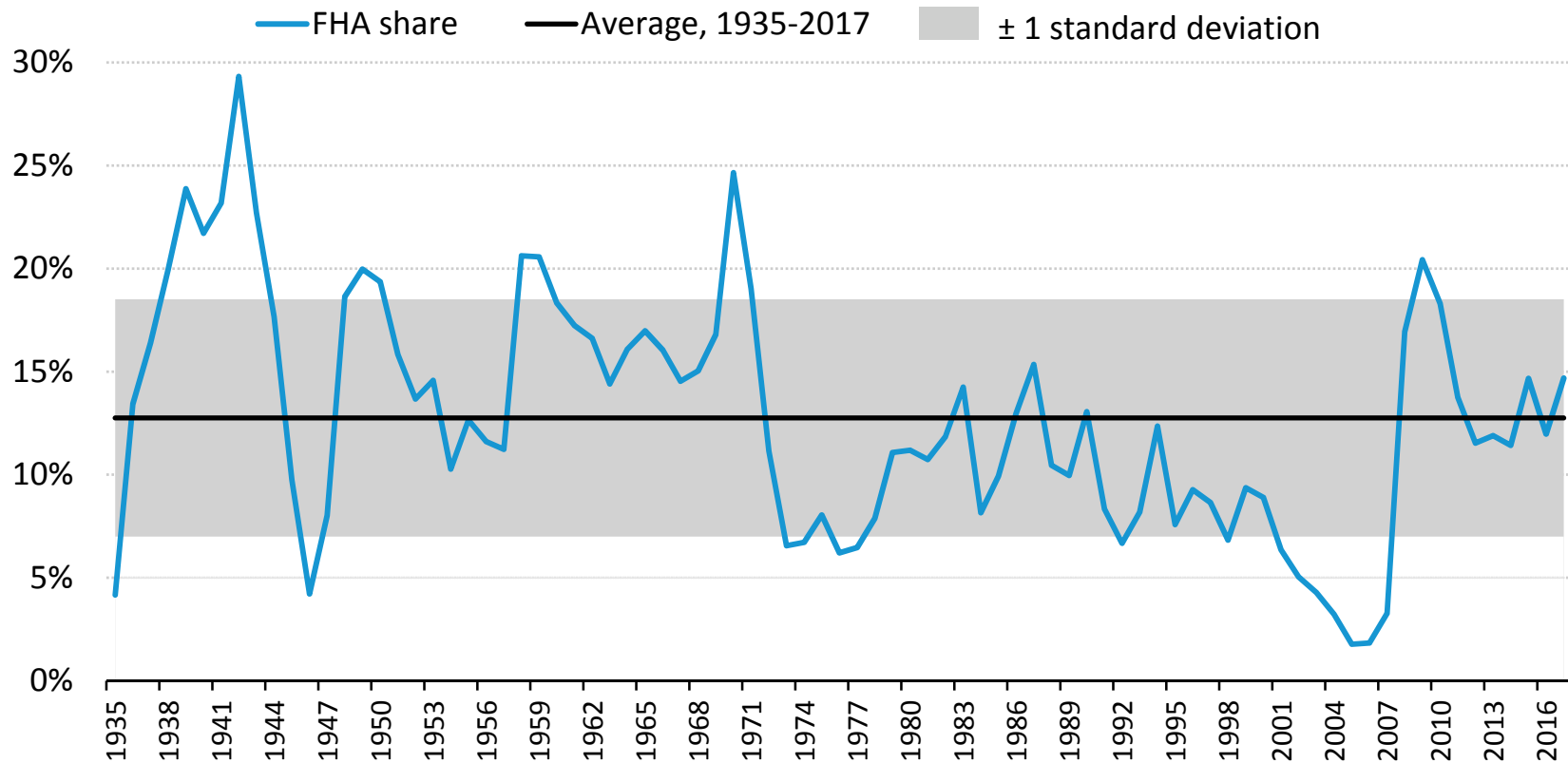


Introduction

- Homeownership has been supported by HFAs and FHAs (and other anagrams) through low-down payment mortgages
 - Those roles are as important today as they were in 1934
- Private market tends to focus on the very low risk mortgages unless directed by government action
- Consumers still are not fully aware about the availability of low-down payment mortgages and are often discouraged by less than perfect credit

FHA Share of Single-Family Originations, 1935-2017

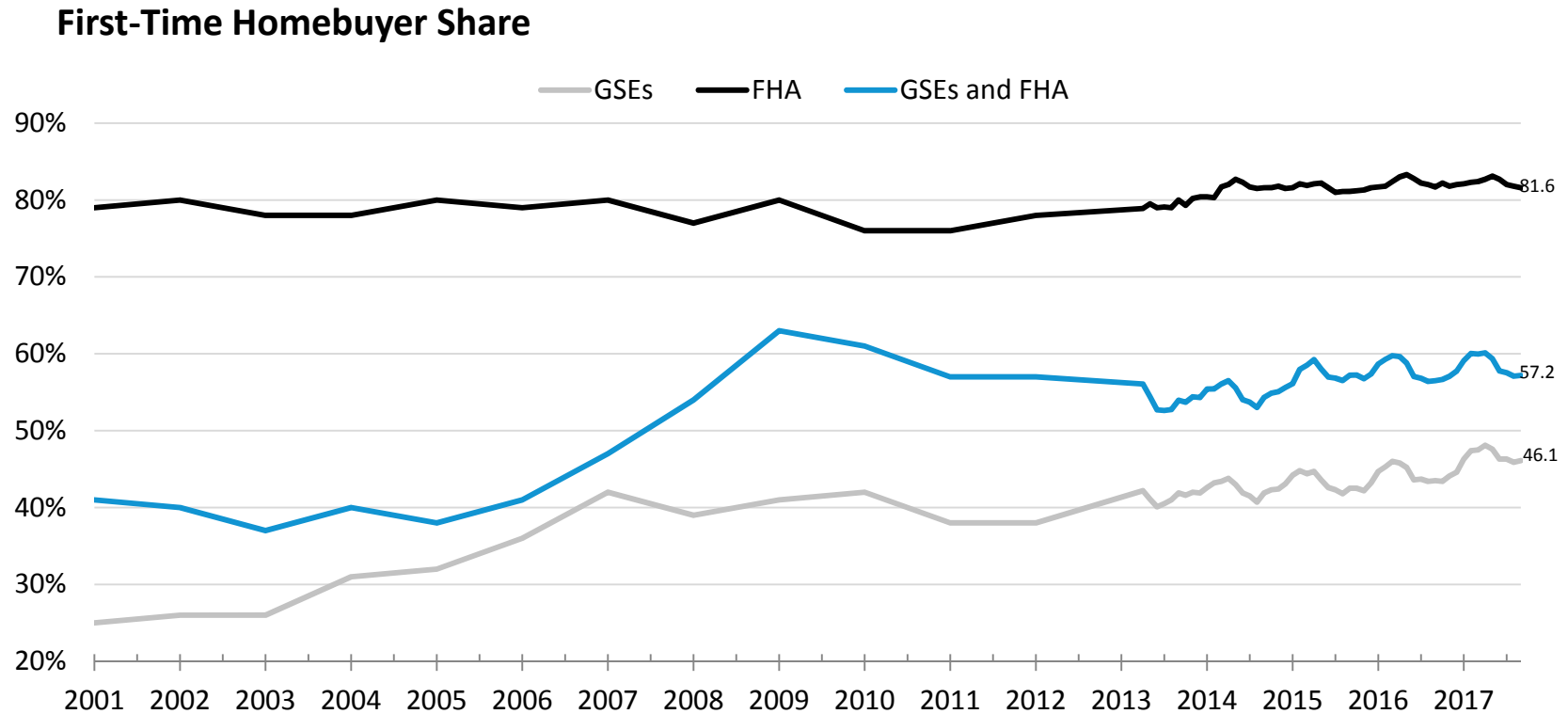
- FHA's share has averaged 13 percent over the entire period.
- FHA has played an important countercyclical role.



Source: Inside Mortgage Finance, Mortgage Bankers Association, CoreLogic, and Urban Institute.

Note: 2016 and 2017 share based on estimates.

FHA disproportionately serves first time homebuyers

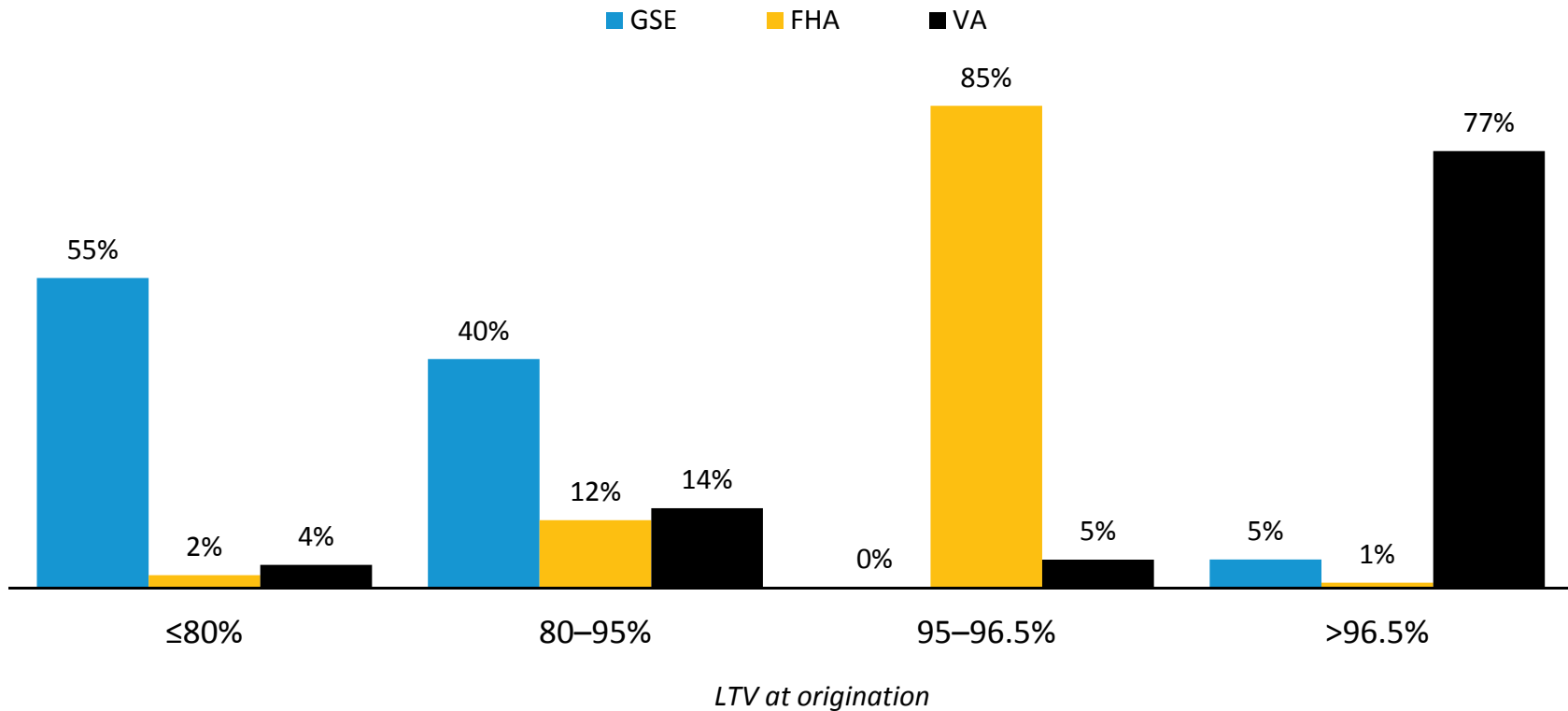


Source: eMBS, Federal Housing Administration (FHA) and Urban Institute.

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

FHA & VA provide the high LTV lending

Agency Loan-to-Value Ratio Distributions



Sources: eMBS and Urban Institute.

FHA borrowers have weaker credit characteristics

Comparison of First-Time and Repeat Homebuyers, GSE and FHA Originations

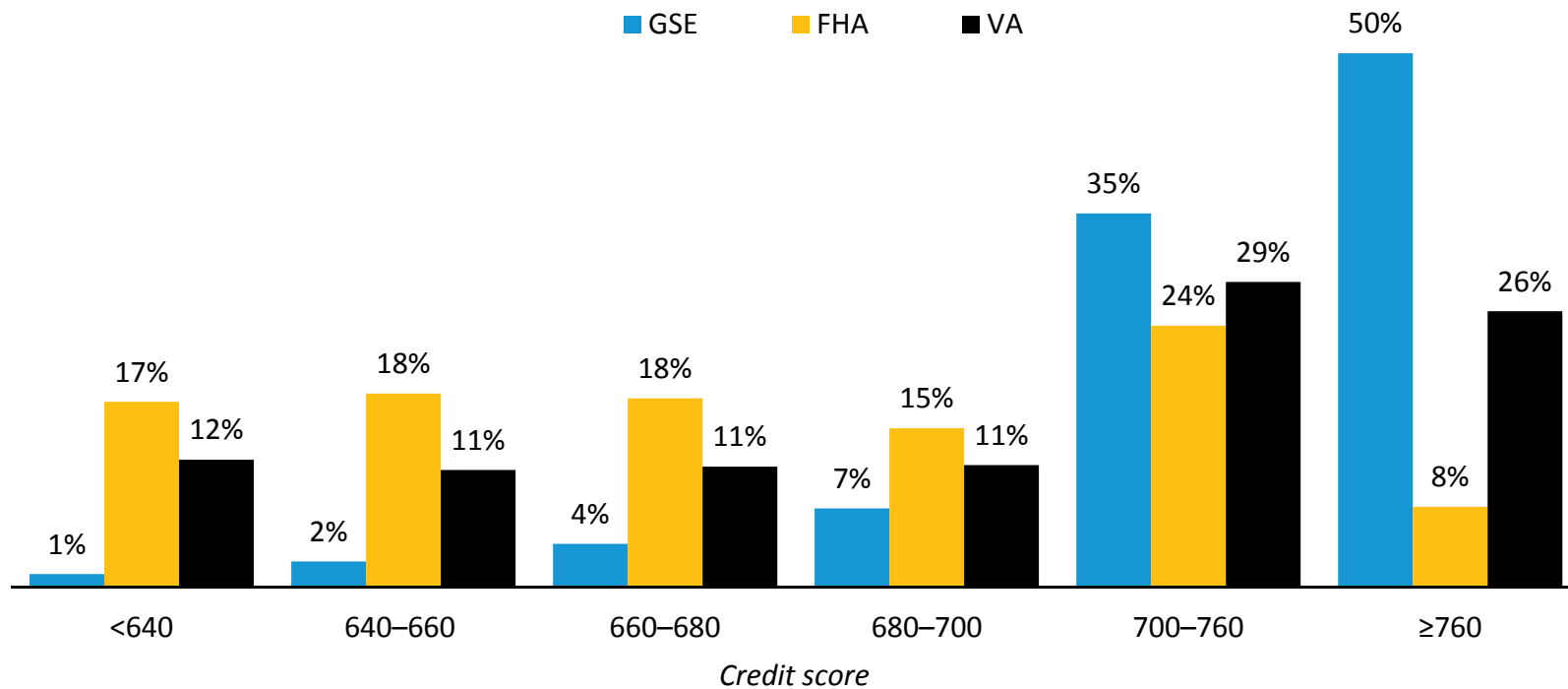
Characteristics	GSEs		FHA	
	First-time	Repeat	First-time	Repeat
Loan Amount (\$)	226,878	250,283	201,996	225,734
Credit Score	738.4	753.7	675.0	681.5
LTV (%)	87.2	79.1	95.5	94.1
DTI (%)	35.1	35.7	42.2	43.4
Loan Rate (%)	4.15	4.02	4.18	4.10

Source: eMBS and Urban Institute.

Note: Based on owner-occupied purchase mortgages originated in September 2017.

FHA finances moderate credit

Agency Credit Distributions

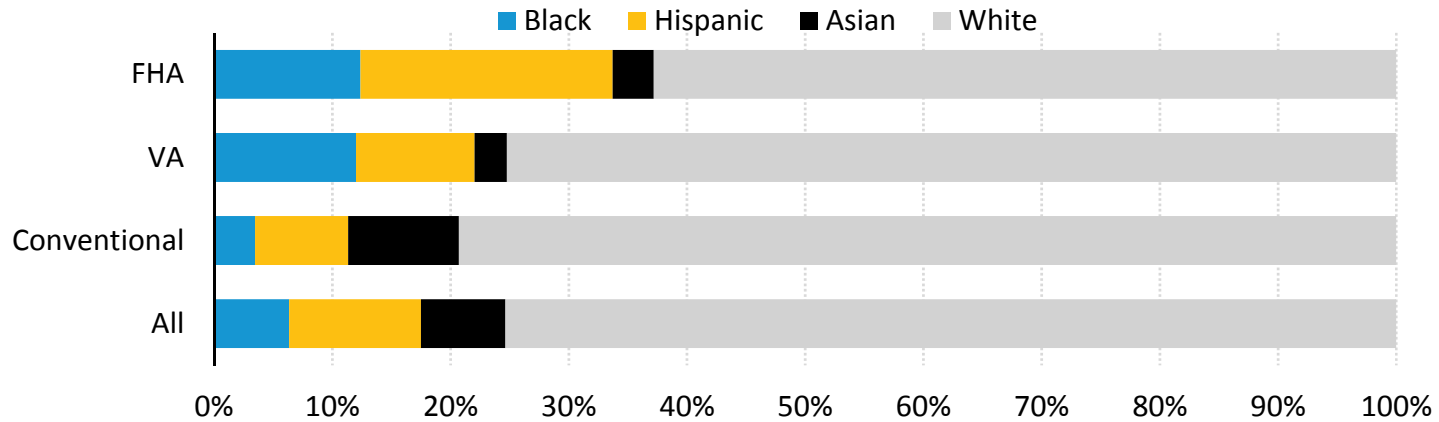


Sources: eMBS and the Urban Institute.

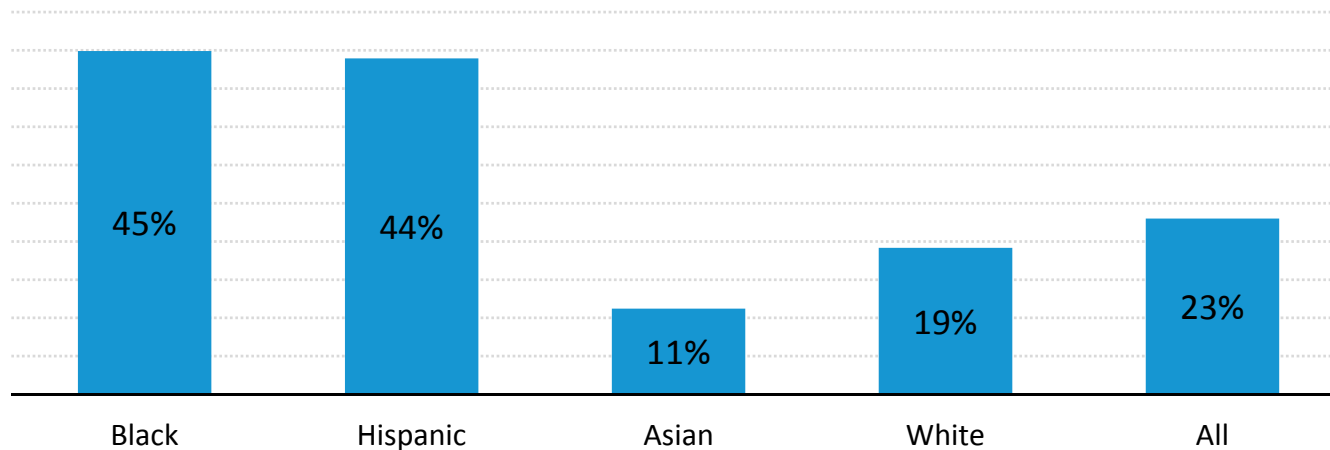
Note: Based on purchase money agency originations from 2016.

FHA disproportionately serves minorities

Percent of purchase loans by channel and race/ethnicity



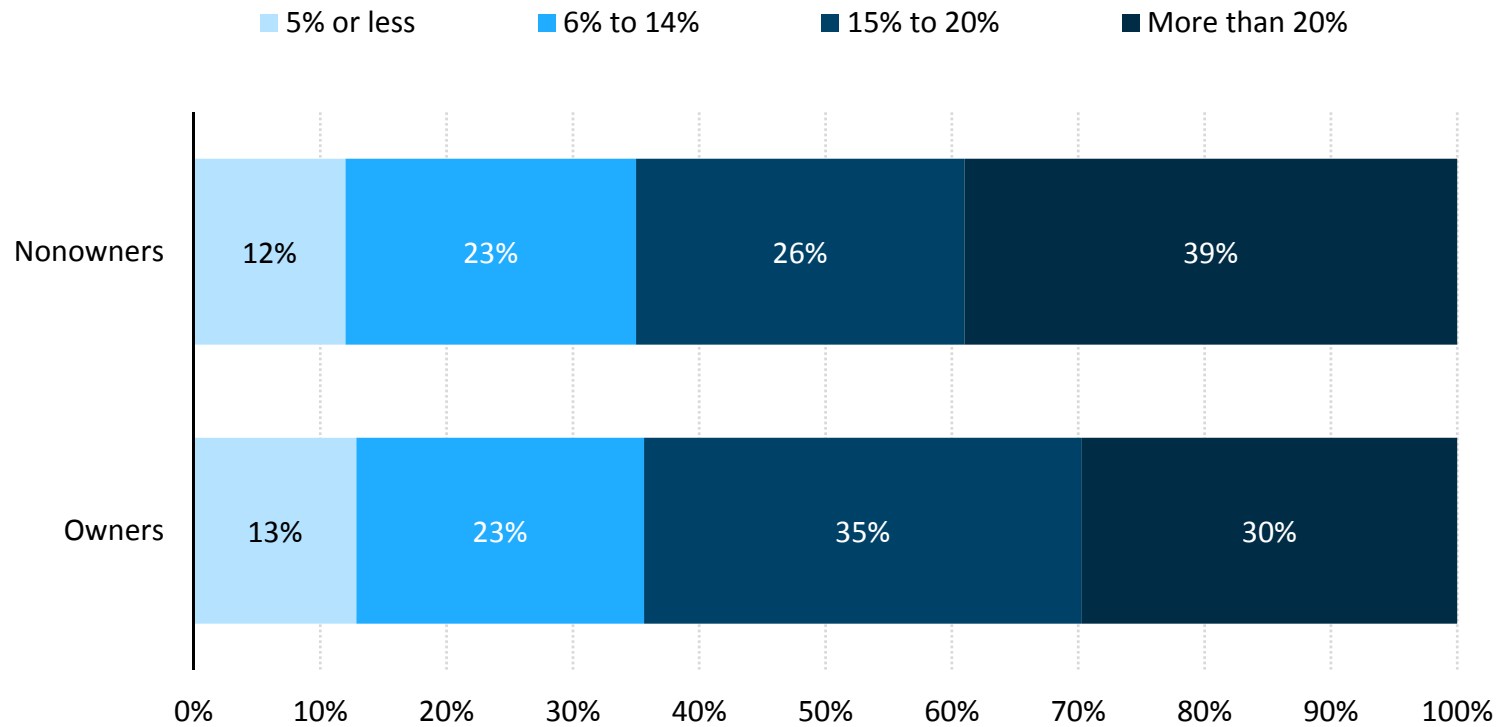
Percent of purchase loans that are FHA-insured by race/ethnicity



Source: 2016 HMDA and Urban Institute.

Lack of info on down payments

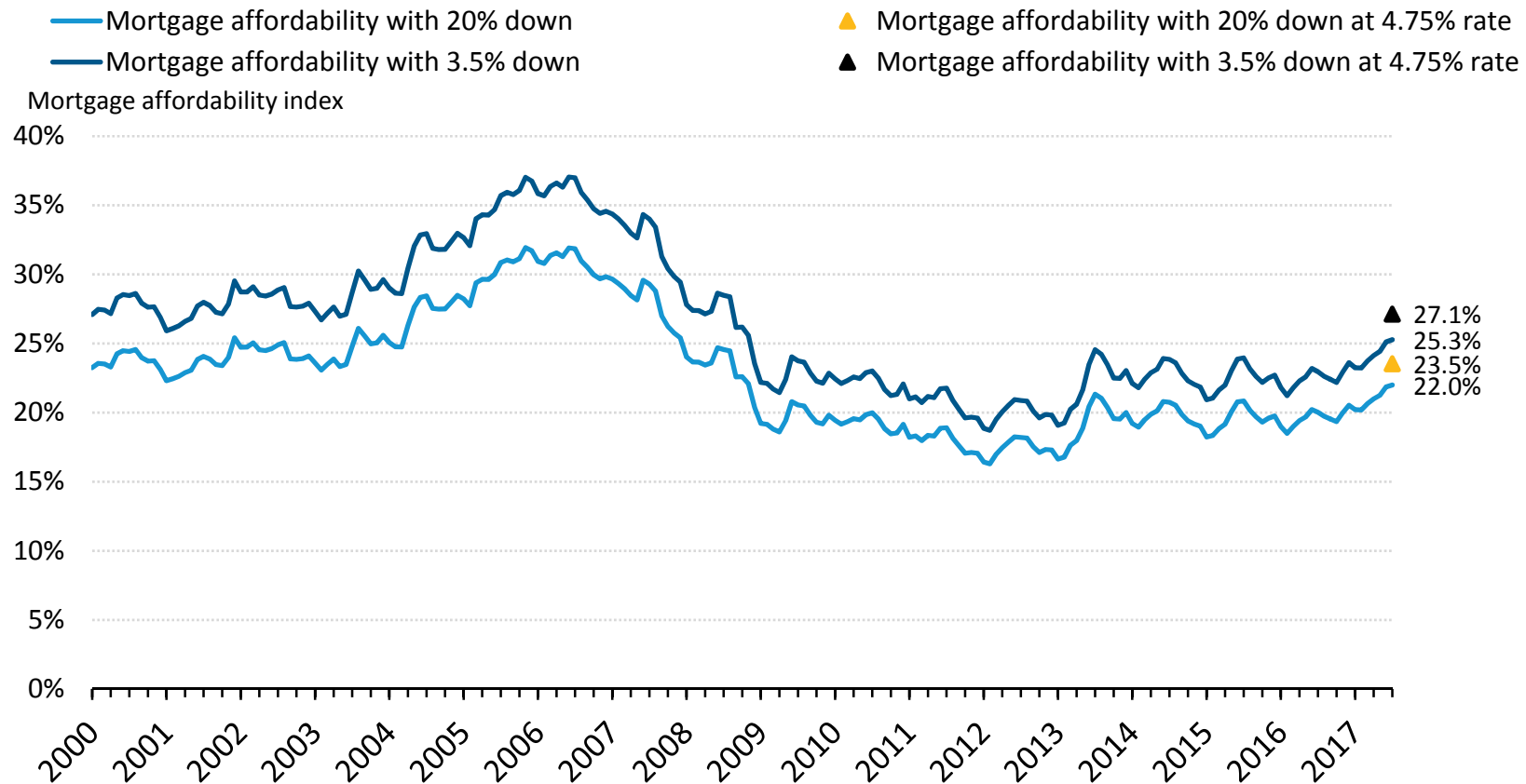
What Percentage Is Needed for a Down Payment?



Source: National Association of Realtors and Urban Institute.

Now is a good time to buy

National Mortgage Affordability over Time

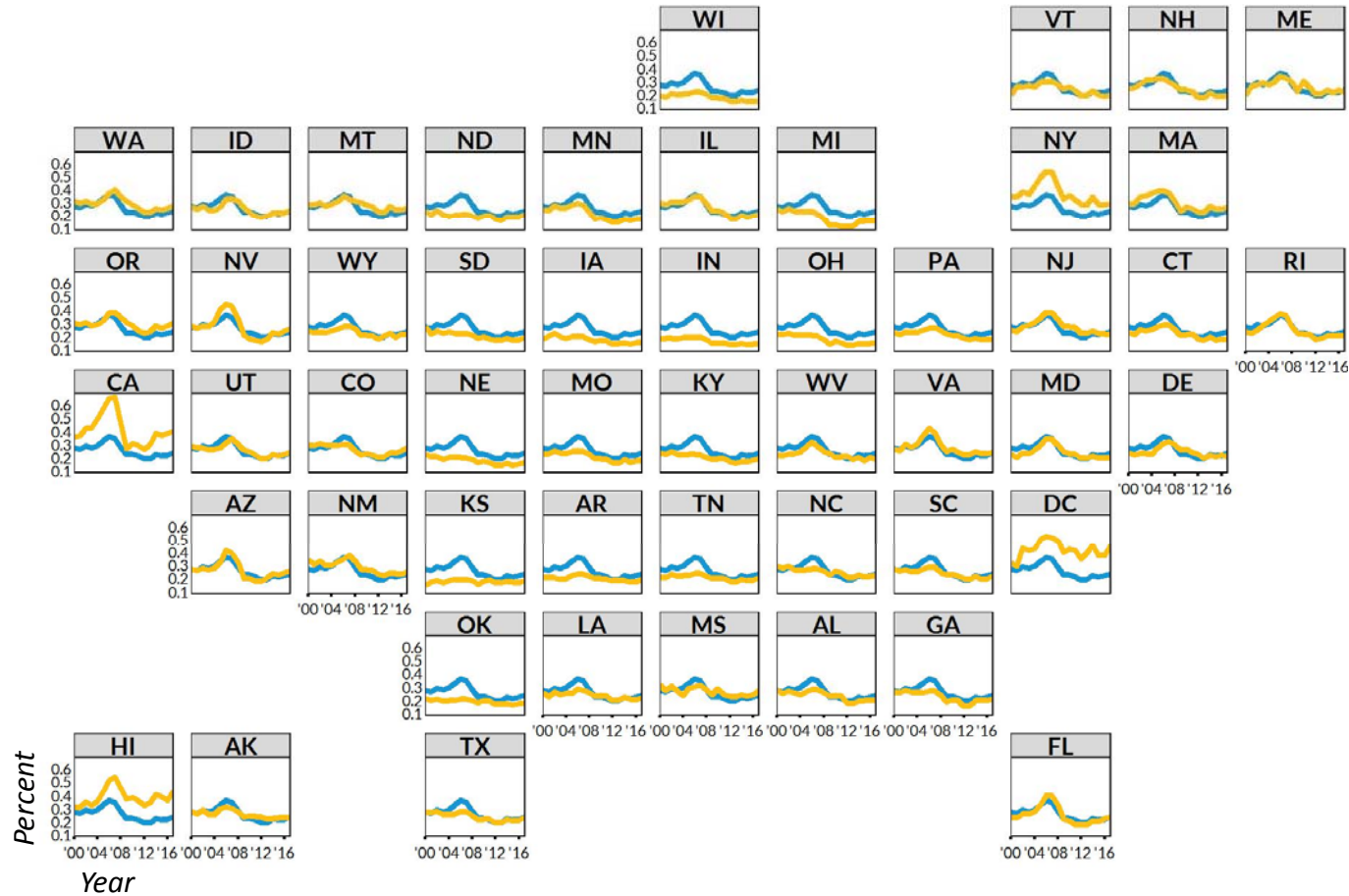


Source: CoreLogic, US Census Bureau, Current Population Survey, American Community Survey, Moody's Analytics, Freddie Mac Primary Mortgage Market Survey, and Urban Institute.

Note: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value.

State mortgage affordability over time

— National affordability with 3.5 percent down — State affordability with 3.5 percent down



Source: CoreLogic, US Census Bureau, Current Population Survey, American Community Survey, Moody's Analytics, Freddie Mac Primary Mortgage Market Survey, and Urban Institute.

Notes: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value.

HFA programs are available to help

Number of Active Programs

					WI			VT	NH	ME
					48			38	43	86
WA	ID	MT	ND	MN	IL	MI		NY	MA	
18	38	14	42	14	25	39		55	36	
OR	NV	WY	SD	IA	IN	OH	PA	NJ	CT	RI
79	8	12	31	13	20	31	10	15	37	29
CA	UT	CO	NE	MO	KY	WV	VA	MD	DE	
262	24	63	24	8	25	10	55	77	19	
	AZ	NM	KS	AR	TN	NC	SC	DC		
	38	83	18	13	164	7	12	236		
			OK	LA	MS	AL	GA			
			29	9	28	15	7			
HI	AK		TX					FL		
17	2		22					59		

Source: Down Payment Resource and Urban Institute.

Conclusion

- Government programs at the local, state and national levels play an important role in promoting homeownership.
- Need better consumer awareness of many of these programs.
- Housing finance must be structured to serve all American families including those in need of rental assistance.
 - In the words of FDR when framing his “Second Bill of Rights” it is time to recognize that every American has a right to a decent home.