



beyond the headlines



Major California housing bill narrowed before its first legislative debate

Source: The Los Angeles Times

Ahead of its first legislative committee hearing scheduled for next week, a Bay Area lawmaker has narrowed his bill aimed at building more housing near transit across California.

Making sense of the story:

- Under the newly amended Senate Bill 827 from Sen. Scott Wiener (D-San Francisco), cities would be allowed to restrict building heights to four or five stories, down from a maximum of eight stories, within a half-mile of rail and ferry stops. Wiener also limited changes surrounding bus stops.
- The new version of the bill wouldn't mandate height increases around bus stops, instead allowing for increased density and lower parking requirements. It also would apply only at bus stops with frequent service throughout the day, rather than just during rush hour.
- SB 827 tries to address the state's longstanding shortage of homes and a push by climate regulators to build near mass transit through dramatically changing development rules, particularly in the state's largest metropolitan areas. Earlier versions of the bill would have affected nearly all of San Francisco and, according to a Times analysis, about 190,000 parcels currently zoned for single-family homes in Los Angeles — roughly half such parcels in the city.
- Additional changes to the bill made this week try to address concerns relating to the promotion of gentrification. All projects greater than 10 units will have to set aside a portion for low-income residents. It further restricts the demolition of rent-controlled or formerly rent-controlled properties. And the developers will have to provide monthly recurring transit passes to all residents at no cost.

Read the full story: www.latimes.com/politics/essential/la-pol-ca-essential-politics-updates-major-california-housing-bill-narrowed-1523379748-htlmstory.html

In other news...

More tech workers can't afford to live where they work — and neither can teachers and first responders

Source: CNBC

Barely a decade after the worst housing crash in history, home prices are soaring, and fewer buyers are able to afford the homes they want. In fact, a growing number of Americans, including tech workers who are paid relatively well, are unable to live in the same communities where they work.

Teachers, first responders, restaurant workers and, surprisingly, computer programmers have the hardest time affording a home near their jobs. This is according to a new study by Trulia, a real estate listing company.

Researchers there used the latest median wage data for each occupation group from the Labor Department's employment report, and then calculated the share of homes for sale in each market that are affordable to each category of worker. They define affordability as one's monthly payment on housing taking up no more than 31 percent of one's paycheck. They included homeowners' association fees on the property, property tax and insurance into the affordability.

Full story: <https://www.cnbc.com/2018/04/06/more-tech-workers-cant-afford-to-live-where-they-work.html>

Number of multigenerational households hit all-time high

Source: Housing Wire

The share of Americans living in multigenerational households, homes with two or more adult generations, hit an all-time high in 2016, according to a new analysis of U.S. Census Bureau data from the Pew Research Center.

In 2016, the number of multigenerational households increased to 20 percent of the U.S. population, or 64 million people, an all-time high.

While some demographics are more likely than others to live in multigen households, the trend is growing in nearly all racial groups, most age groups and both men and women, according to the Pew Research Center.

The study considers adults as anyone over 25, in order to avoid many potential college students still living at home.

In 2009, about 51.5 million Americans, or 17 percent of the population lived in multigen households, which rose to 60.6 million, or 19 percent of the population in 2014.

Full story: <https://www.housingwire.com/articles/43055-number-of-multigenerational-households-hit-all-time-high>

Debt-to-Income Ratios Rising Among Buyers

Source: Realtor Mag

About one in five conventional mortgage loans issued this winter went to borrowers who spent more than 45 percent of their monthly incomes on their mortgage payment and other debts. This is the highest proportion since the housing crisis, according to CoreLogic, a real estate data firm. Further, that is nearly triple the proportion of such loans issued in 2016 and the first half of 2017.

Real estate professionals told WSJ that they are concerned a growing number of buyers are becoming priced out of the housing market. Besides rising home prices, the average 30-year fixed-rate mortgage has increased to 4.40 percent, compared to 3.95 percent at the beginning of the year, according to Freddie Mac.

Rising mortgage rates “are working against affordability and that’s why you get the pressure to ease credit standards,” says Doug Duncan, Fannie Mae’s chief economist. That’s leading mortgage financing giants Fannie Mae and Freddie Mac to test programs aimed at making homeownership more affordable. For example, they’re experimenting with backing loans made by lenders who agree to help pay down a buyer’s student loan debt or programs that ease standards so that self-employed borrowers can get a mortgage more easily. Also, last summer, Fannie Mae and Freddie Mac started to back a greater number of loans from borrowers with debt-to-income ratios of up to 50 percent (45 percent was usually the typical limit prior). Fannie’s new policy has added 100,000 new mortgages that wouldn’t have otherwise been made last year and early this year, according to the Urban Institute.

Full story: <http://realtormag.realtor.org/daily-news/2018/04/11/debt-income-ratios-rising-among-buyers>

Black buyers struggle more to find housing in Bay Area, new report says

Source: The Mercury News

It’s tough to buy a home in the Bay Area these days, but the prospect is especially daunting for black and Hispanic households, according to a new report Tuesday that highlights the role race plays in the region’s affordable housing shortage.

Last year black home buyers could afford just 10 percent of the San Jose-area houses on the market, and Hispanic buyers could afford 12 percent — while white buyers could afford 42 percent and Asian buyers could afford 46 percent, according to a Zillow analysis. The disparity was even more pronounced in the San Francisco area and East Bay, where black buyers could afford just 5 percent of homes on the market last year, Hispanic buyers could afford 22 percent, Asian buyers could afford 48 percent and white buyers could afford 53 percent.

The numbers add another layer of complexity to the housing crunch that has pushed prices out of reach for many local residents.

Full story: <https://www.mercurynews.com/2018/04/11/buying-bay-area-home-even-more-difficult-for-black-families/>

Why buying a house today is so much harder than in 1950

Source: *Curbed*

In 2016, millennials made up 32 percent of the homebuying market, the lowest percentage of young adults to achieve that milestone since 1987. Nearly two-thirds of renters say they can't afford a home.

Even worse, the market is only getting more challenging: The S&P CoreLogic Case-Shiller National Home Price Index rose 6.3 percent last year, according to an article in the Wall Street Journal. This is almost twice the rate of income growth and three times the rate of inflation. Realtor.com found that the supply of starter homes shrinks 17 percent every year

It's not news that the homebuying market, and the economy, were very different 60 years ago. But it's important to emphasize how the factors that created the homeownership boom in the '50s—widespread government intervention that tipped the scales for single-family homes, more open land for development and starter-home construction, and racist housing laws and discriminatory practices that damaged neighborhoods and perpetuated poverty—have led to many of our current housing issues.

Full story: <https://www.curbed.com/2018/4/10/17219786/buying-a-house-mortgage-government-gi-bill>

What you should know

- Mortgage application volume was 5.5 percent lower last week, from a year ago.
- Refinancing activity continues to drop, even as interest rates fell slightly.
- The average interest rate on the 30-year fixed fell to 4.66 percent.