beyond the headlines

San Franciscans moving to Sacramento, Seattle, Las Vegas

Source: Curbed

The populations of both San Francisco and California remain on the rise, with the state recently approaching the 40 million mark. Even so, real estate platforms are busy trying to figure out where outgoing Californians are heading when they do pull up tent stakes from the Golden State.

Read the full story:

- Real estate aggregate site Redfin released another of its quarterly "migration reports" last week, presenting much the same findings as its previous reports: The site still ranks San Francisco as the city with the highest "net outflow"—i.e., the number of locals browsing home ads in other cities that exceeds the number of people from other cities eyeing SF properties.

- As in the past, Redfin attests that Sacramento is the city San Franciscans peruse most often, with Seattle, Washington remaining the most common out of state prospect.

- The problem with Redfin's analysis is that it only tells us what Redfin users—rather than the general Bay Area population—are up to, and there's no real way to tell how many San Franciscans shopping for homes in Sacramento or Seattle actually end up buying and making tracks.

- The biggest beneficiary of California fallout, according to Trulia: Las Vegas, Nevada, where 8.1 percent of fleeing Golden Staters end up, followed by New York City at 7.3 percent. Phoenix, Arizona came in third on the list at seven percent even with Dallas, Texas moving into fourth place at 5.5 percent. Seattle rounded out the top five at 5.1 percent.

- U.S. Census' Longitudinal Employer-Household Dynamics as the source for Trulia's data, which provides a more robust look at where Californians actually ended up moving, rather than just where they were considering. However, the site does caution, "The data captures job-to-job moves specifically and may not capture the full picture of migration, e.g. those not in the workforce such as recent graduates and retirees."

Read the full story: https://sf.curbed.com/2018/5/31/17412574/san-francisco-migration-redfin-trulia-leaving-state-city

In other news…

Mortgage investors want to make it easier for gig-economy workers to get loans

Source: The Washington Post

The two biggest sources of home-mortgage money in the country — investors Fannie Mae and Freddie Mac — are quietly working on ways to make qualifying for a home purchase easier for participants in the booming “gig” economy.

The gig economy refers to hundreds of income-earning activities that allow workers to set their own hours, work for as long or as little as they choose, and function as independent contractors or freelancers as opposed to salaried employees. Prominent examples include people who work as drivers for Uber or Lyft, assemble Ikea furniture through TaskRabbit and offer rooms in their homes on Airbnb.

Estimates vary, but anywhere from just under 20 percent to 30 percent or more of the U.S. workforce participates in some way in the gig economy. Last year, Intuit, which owns TurboTax, estimated that 34 percent of the workforce earned money in gig pursuits and projected that this could rise to 43 percent by 2020.

But when buying a home, the challenge for these workers is to make their gig-sourced earnings count as income for mortgage-qualification purposes. Lenders typically look for stable and continuing income streams: two years of documented income plus reasonable prospects that those earnings will continue for another several years.

Full story: https://www.washingtonpost.com/realestate/mortgage-investors-want-to-make-it-easier-for-gig-economy-workers-to-get-loans/2018/05/29/082e7eb2-634b-11e8-a768-ed043e33f1dc_story.html?noredirect=on&utm_term=.7f8267aad9ff

Run-up in home prices is 'not sustainable': NAR chief economist

Source: CNBC

Home values have been rising for six straight years, and the gains have been accelerating for the past two years. *Unlike* the last housing boom, the gains are not driven by fast and easy mortgage money, but instead by solid buyer demand and very low supply. Still, *like* the last housing boom, some are starting to warn these price gains cannot continue.

"The continuing run-up in home prices above the pace of income growth is simply not sustainable," wrote Lawrence Yun, chief economist for the National Association of Realtors, in response to the latest price reading from the much-watched S&P CoreLogic Case Shiller Home Price Indices. "From the cyclical low point in home prices six years ago, a typical home price has increased by 48 percent while the average wage rate has grown by only 14 percent."

Yun also pointed to rising mortgage interest rates as a factor that would weaken affordability.

Full story: https://www.cnbc.com/2018/05/29/run-up-in-home-prices-is-not-sustainable-realtors-chief-economist.html

Military members most likely to utilize zero-down mortgages

Source: Housing Wire

The National Association of Realtors released an infographic which shows how the home buying preferences of service members and veterans differ from the rest of the population.

Military members often face very different lives than the rest of the population, so it stands to reason that their preferences and actions when it comes to buying a home would also be different.

One of the most notable differences is the down payment, or lack thereof, according to NAR's 2018 Veterans and Active Military Home Buyers Profile. About 56 percent of active duty members and 41 percent of veterans take advantage of zero down or 100 percent financed mortgages, compared to just 7 percent of non-military members.

Of course, while there are some zero-down mortgage options available to certain homebuyers, it is much easier for military members and veterans to take advantage of these programs through the U.S. Department of Veterans Affairs.

Full story: https://www.housingwire.com/articles/43495-infograph-military-members-most-likely-to-utilize-zero-down-mortgages

The 'trifecta' Holding Up Home Shoppers

Source: REALTOR® Mag

Home sales are still on track to eke out a gain in 2018, but buyers are encountering three big obstacles as they shop: Swift price growth, climbing mortgage rates, and low supply of homes for sale.

Freddie Mac researchers are calling it a "trifecta" of challenges for home buyers in the first five months of 2018. Nevertheless, researchers say they expect the healthy economy and strong consumer confidence to lead to a 3 percent increase in total home sales (new and existing) for this year, according to the company's May Outlook report.

"While this spring's sudden rise in mortgage rates is taking up a good chunk of the conversation, it's the stubbornly low inventory levels in much of the country that are preventing sales from really taking off like they should," says Sam Khater, Freddie Mac's chief economist. "The underlying demand for buying a home is holding up, and will continue to do so, as long as the economy is generating solid job and income growth. Most markets simply need a lot more new and existing supply to cool price growth and give buyers enough choices."

Full story: http://realtormag.realtor.org/daily-news/2018/05/29/trifecta-holding-up-home-shoppers

Granny flats and renters' tax credits: The California housing bills that will live to see another day

Source: The Mercury News

An array of bills aimed at easing California's housing crisis, from banning fees on "granny flats" to pushing housing development on BART property, cleared a key hurdle last week, while others died quietly in fiscal committees.

One such fatality was a proposal to help teachers and other middle-income tenants live closer to their jobs , one of many bills aiming to shore up the supply of badly needed affordable housing for low- and middle-income families. California housing officials estimate that shortfall has ballooned to a staggering 3.5 million homes.

Also stopped in its tracks was a bipartisan bill by Assemblyman Rob Bonta, D-Alameda, and Marc Steinorth, R-Rancho Cucamonga, that would have helped aspiring homeowners save up for a down payment through a special savings plan with tax benefits, similar to a 529 college savings account.

Full story: https://www.mercurynews.com/2018/05/25/granny-flats-and-renters-tax-credits-which-california-housing-bills-lived-and-died-friday/

What you should know

- Total mortgage application volume decreased 2.9 percent for the week, seasonally adjusted, according to the Mortgage Bankers Association. That marked the sixth straight week of losses.
- Applications to refinance a home loan fell 5 percent for the week to the lowest level since December 2000.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($453,100 or less) decreased to 4.84 percent from 4.86 percent.