beyond the headlines

Six-figure salary now considered ‘low-income’ in SF, according to feds

Source: Curbed

The Department of Housing and Urban Development [HUD] released new income estimates Monday that presented a depressingly unsurprising perspective on the cost of living in San Francisco, as many SF households bringing in more than $100,000 annually now qualify as “low income” with the federal government.

Read the full story:

- HUD’s annually assessed “income limits” judge how much a person or household can make per year and still qualify for certain types of federal housing assistance, deeming residents either “low income” (80 percent of the area-median income), “very low income” (50 percent), or “extremely low income” (usually less than 50 percent, although the formula for this one varies).

- “The U.S. Census Bureau’s 2011-2015 5-year ACS median family income (MFI) estimates are used as the basis for calculating HUD’s” 2018 figures, according to the department’s published methodology.

- According to fiscal year 2018 figures, “low income” status in San Francisco begins at $82,200/year for a single person, the highest in the country.

- For a household of two the cutoff is $93,950/year, and a household of three breaks the six-figure mark with $105,700/year. The published scale maxes out at eight persons and $155,000/year.

- Conversely, HUD considers a single San Franciscan making $51,350/year “very low income,” whereas yearly earnings of $30,800/year (before taxes) qualify as “extremely low income.”.

- At the beginning of 2018, figures from the U.S. Department of Economic Analysis reveal that the median U.S. Income across all household sizes was less than $60,000/year.

- In San Francisco, HUD considers a similar wage “very low” for a household of two and “extremely low” for a household of eight.

- Note that when HUD talks about “San Francisco” it’s actually referencing the larger San Francisco metro area, if you will, that includes Marin County and San Mateo County.

Read the full story: https://sf.curbed.com/2018/6/26/17505550/low-income-limit-2018-salary-san-francisco-families-hud

In other news…

We're probably at peak housing. Here's what that means.

Source: Market Watch

In May, sales of previously-owned homes slumped, the second month in a row of declining sales. The National Association of Realtors, which tracks those sales, pointed to the same culprit it's blamed for the past few years: not enough supply of homes to buy.

Shortly after the Realtors released their data, Regions Chief Economist Richard Moody wrote this in a research note: "Given that we see little reason to expect meaningful relief on the inventory front over coming quarters, we think it reasonable to conclude that we have passed the cyclical peak for existing home sales."

Ten years after the financial crisis, the notion of a housing "peak" – which would naturally be followed by a downturn – seems downright spooky. The trauma of the last correction is still with us: more than 1.1 million Americans are still underwater, according to Black Knight, many foreclosures are still wending their way through the system, and ultra-tight lending standards put in place when the pendulum swung hard after the correction continue to lock many Americans out of the market.

But under normal circumstances, a correction in housing, like in any market, is normal, foreseeable – and possibly, though not certainly – upon us.

Full story: https://www.marketwatch.com/story/were-probably-at-peak-housing-heres-what-that-means-2018-06-27

Chase: Home confidence levels reach four-year high

Source: Housing Wire

Americans still believe homeownership is the best investment a person can make, according to the first Chase U.S. Housing Confidence Survey.

Chase Home Lending partnered with Pulsenomics to launch the Chase Housing Confidence Index, designed to gauge how Americans feel about the housing market.

The newly expanded HCI uses survey data from more than 15,500 American households to systematically measure and track key dimensions of consumer confidence in housing markets across the nation. The index measures homeowner and renter confidence on a 0-100 scale. Levels that reach above 50 indicate positive consumer readings.

The report shows record highs among U.S. homeowners and renters in three key measurement areas: their take on market conditions, aspirations for homeownership and expectations regarding home values and affordability.

Full story: https://www.housingwire.com/articles/43808-chase-home-confidence-levels-reach-four-year-high

These are the cities where homeowners made the most money selling their homes last year

Source: CNBC

The West Coast may have the best returns for homeowners looking to sell, Aaron Terrazas, economic research director at Zillow, told CNBC.

According to a new report from Zillow, Bay Area locales such as San Francisco and San Jose, California, as well as Los Angeles have median selling profits of more than $100,000 — nearly $300,000 in some markets. In San Jose, the top city in the report and the most expensive market, the median profit for selling your home is $296,000. Here's the catch: The median price of a home in the same city is $1.3 million.

Most of the best returns were along the West Coast. San Francisco homeowners who cashed in made a median $222,000. In Los Angeles the median was $137,000; in Seattle it was $123,000; in San Diego, California, it was $108,000, and in Portland, Oregon, it was $87,000.

Full story: https://www.cnbc.com/2018/06/27/homeowners-in-west-coast-cities-made-the-most-money-selling-last-year.html

Study: San Diego Housing Demand Will 'Perpetually Outpace Supply'

Source: The Times of San Diego

A study of housing conditions in the San Diego region predicts a "perpetual" imbalance between supply and demand that will cause companies to lose talented employees.

The most significant finding from the study by London Moeder Advisors is that the region has built little more than 20,000 of an estimated 86,000 new units needed between 2012 and 2020.

"There will be a continuation of high housing prices and rent increases fostered by an inability to bring to market sufficient new housing units," the study predicted. "Without appropriate pubic policy action, demand will perpetually outpace supply."

The study, prepared for the San Diego Regional Chamber of Commerce and released Tuesday, found that the housing crisis has led to longer commutes and greater congestion, resulting in employee and employer dissatisfaction, and threatening economic growth.

"Employers, in greater and greater numbers, are losing talented employees to places like Seattle, Austin, and Denver, where housing is more affordable and there are more options for employees and their families," said Sean Karafin, vice president of policy and economic research at the chamber. "This means that employers will look to grow in our competitor regions instead of right here in San Diego."

The study predicts that demand for single-family homes and townhomes will be considerably higher than the numbers identified in local zoning plans as Millennials begin to start families. However, developers face neighborhood resistance and financial challenges.

Full story: https://timesofsandiego.com/business/2018/06/27/study-san-diego-housing-demand-will-perpetually-outpace-supply/

Foreclosure Starts Rise in 43% of Markets – Including Los Angeles

Source: REALTOR® Magazine

Counter to the national trend, several housing markets saw foreclosure starts rise year over year last month, according to a new report from ATTOM Data Solutions, a real estate data firm.

Forty-three percent of local markets saw an annual increase in May in foreclosure starts. Foreclosure starts were most on the rise in Houston, which saw a 153 percent jump from a year ago. Hurricane Harvey struck the Houston metro area in August 2017, tying with Hurricane Katrina as the costliest tropical cyclone on record, and has contributed to many recent foreclosures in the area. Other areas that are seeing foreclosure starts rise: Dallas-Fort Worth (up 46% year over year); Los Angeles (up 14 percent); Atlanta (up 7 percent); and Miami (up 4 percent).

A total of 33,623 U.S. properties started the foreclosure process in May, which is down 6 percent from a year ago. But a number of states—23 states and the District of Columbia—posted a year-over-year increase in foreclosure starts in May.

Full story: https://magazine.realtor/daily-news/2018/06/25/foreclosure-starts-rise-in-43-of-markets

What you should know

- Total mortgage application volume fell 4.9 percent, seasonally adjusted, last week compared with the previous week, according to the Mortgage Bankers Association.
- There were 12 percent fewer applications compared with the same week one year ago.
- Applications for mortgages to purchase a home led the decline, falling 6 percent for the week.