



# beyond the headlines



## Gov. Brown signs new California affordable housing laws

Source: *Sacramento Bee*

Gov. Jerry Brown on Friday signed a robust package of housing legislation aimed at addressing California's unprecedented affordability crisis. "These new laws will help cut red tape and encourage more affordable housing, including shelter for the growing number of homeless in California," Brown said in a statement.

Making sense of the story:

- SB 2, Sen. Toni Atkins, D-San Diego: Imposes a new \$75 to \$225 fee on real estate transactions. Estimated to generate \$250 to \$300 million per year to fund affordable housing development, programs to assist homeless people and long-range development planning in cities and counties. For 2018, revenue would be split equally between the state and local government. The state share is specifically aimed at combating homelessness. It's available for rental assistance, homeless navigation centers and development of housing for homeless people.
- SB 3, Sen. Jim Beall, D-San Jose: Will put a \$4 billion housing bond before voters in November 2018. If approved, \$1 billion would go to the CalVet home loan program, established in 1921 to help military veterans purchase homes. The remaining \$3 billion would help fund low-income housing projects and development near jobs and public transportation.
- SB 35, Sen. Scott Wiener, D-San Francisco: Lets developers bypass the lengthy and often expensive review process for new housing development, which includes extensive environmental analysis and public hearings. If a community has not built enough housing – state law outlines the housing needs, at all income levels, for each city and county in California – developers can bring forth a project without undergoing the process. It mandates higher construction worker pay and benefits on projects with 10 units or more.
- SB 166, Sen. Nancy Skinner, D-Berkeley: Requires local government to have development sites identified, at all times, for all unmet housing needs, from very low-income to market-rate. It also seeks to strengthen state housing law that in most cases prevents cities and counties from reducing zoning densities to ensure there is "no net loss" of building capacity.
- SB 167, Skinner, and Assembly Bill 678, Assemblyman Raul Bocanegra, D-Los Angeles: Strengthens the state's Housing Accountability Act, which seeks to prevent communities from killing proposed housing projects or homeless shelters. The law aims to make it more difficult for cities and counties to vote down proposals and requires courts to impose fines on them if they do not comply with what is commonly called the "anti-NIMBY law."

Full story

<http://www.sacbee.com/news/politics-government/capitol-alert/article176152771.html>

## **In other news...**

### **Down payment preferences and how they influence cost of home**

*Source: American Financing*

More than half of Americans say they would prefer to put 10 percent down on a home purchase rather than 15 percent, 20 percent, or 30 percent, according to mortgage banker American Financing's 2017 Mortgages in America Survey. The 10 percent down payment option was the lowest among the choices respondents were given in the survey. It also was the most popular choice across generational divides, including millennials, Generation Xers, and baby boomers.

While affordable housing programs allowing a 10 percent down payment are available and appear to be an attractive option to prospective home buyers, it's important to consider factors like private mortgage insurance (PMI), which can play a significant role in the overall cost of a home. In essence, the lower your down payment, the higher you can expect your private mortgage insurance costs to run (with your credit score also playing a major role).

Private mortgage insurance can add a substantial sum to your monthly costs. This is typically a few hundred dollars. So, putting down 20 percent may be more ideal for avoiding additional expenses. In that case, the bank is only taking on 80 percent of the risk, and so they will likely not require you to purchase extra insurance.

Full story

<https://www.americanfinancing.net/blog/2017/09/28/down-payment-preferences/>

### **How mortgage interest deduction plays a role in home buying**

*Source: CNBC*

There are a lot of reasons people buy homes — financial, practical and emotional. For the vast majority of those who make that choice, it is by far their single largest investment. Until the financial crisis, the common belief was the home prices always rise, and a home was therefore a proven way to build wealth, but that was proven wrong.

For a great many homeowners, the mortgage interest deduction isn't even a financial factor. A taxpayer can only take the deduction if he or she itemizes, and just one-third of taxpayers itemize, but about 64 percent of Americans own a home (and just over one-third of homeowners have no mortgage). Three-quarters of those who do itemize take the deduction, but if the standard deduction were raised, fewer taxpayers would itemize, and therefore the mortgage deduction would be used even less.

Full story

<https://www.cnbc.com/2017/09/29/gary-cohn-people-dont-buy-homes-because-of-the-mortgage-deduction-or-do-they.html>

## **Dying malls could help ease housing crisis**

*Source: Los Angeles Times*

As housing shortages persist, developers are eyeing old shopping malls—which often include large parcels of land—for redevelopment into residential projects. In California, which is suffering from severely tight housing inventory, developers are jumping on the trend. A nearly vacant mall in the San Fernando Valley, for example, will soon be turned into a residential neighborhood with 1,400 homes, retail shops, and a concert venue. And a mall in Orange County will be transformed into a mixed-use development with more than 900 homes.

Some mall owners are redeveloping their properties and trying to transform them into destination parks, with an emphasis on entertainment, restaurants, and outdoor boutiques. Housing is also key to these redevelopments. “You don’t have to reach out to your customer base because they live right there,” says Cynthia Murphy, who oversees nationwide mall leasing for commercial real estate brokerage CBRE Group.

Full story

<http://www.latimes.com/business/la-fi-retail-housing-20170929-story.html>

## **Preparing your home for a disaster**

*Source: New York Times*

Disaster, even one experienced through a television screen, has a way of sharpening the mind. And the recent cascade of hurricanes, forest fires and earthquakes has reminded many Americans, including those thousands of miles from danger, that there is no time like the present to think about all the things that could go wrong.

The best time to prepare is when the sky is clear and your weekend is free, not when local officials are telling you to board up windows and head for higher ground. But readying for the unknown can feel like a daunting and costly task — and one easily shelved. To make it more manageable, weave emergency planning into your everyday life, chipping away at the long to-do list. Here are some ways to get started.

Full story

<https://www.nytimes.com/2017/09/29/realestate/preparing-for-disaster.html>

## Equifax just changed the rest of your life

Source: Associated Press

Adding freezes to your credit reports is an appropriate response to the massive Equifax database breach that exposed the private information of 143 million Americans. Don't make the mistake of thinking those freezes will keep you safe, however.

Credit freezes lock down your credit reports in a way that should prevent "new account fraud," or bogus accounts being opened in your name. But there are so many other ways the bad guys can use the information they stole, which included Social Security numbers, birthdates, addresses and some driver's license numbers. Others include:

- Stealing your tax refund and preventing you from filing returns by submitting fake ones
- Using your information to get health care, which can result not only in medical collections on your credit reports but a stranger's health information getting mixed in with your records
- Giving your identification to the police when they get arrested, creating criminal records that could land you in jail or prevent you from getting a job
- Filing for bankruptcy in your name or transferring deeds of property you own

You can't prevent any of these bad things from happening. The best you can do is remain as vigilant as you can and try to clear up the messes as they happen.

Full story

<https://finance.yahoo.com/news/liz-weston-equifax-just-changed-135415381.html>

## What you should know

- "Rates held relatively flat this week. The 10-year Treasury yield fell just 1 basis point, while the 30-year mortgage rate remained unchanged at 3.83 percent," said Sean Beckett, chief economist, Freddie Mac.
- 30-year fixed-rate mortgage (FRM) averaged 3.83 percent with an average 0.6 point for the week ending September 28, 2017, the same as last week. A year ago at this time, the 30-year FRM averaged 3.42 percent.
- 15-year FRM this week averaged 3.13 percent with an average 0.5 point, the same as last week. A year ago at this time, the 15-year FRM averaged 2.72 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.20 percent this week with an average 0.5 point, up from last week when it averaged 3.17 percent. A year ago at this time, the 5-year ARM averaged 2.81 percent.