beyond the headlines

Has homeownership improved since the fair housing act of 1968?

Source: Trulia Blog

Nearly 50 years after the passage of the Fair Housing Act of 1968, racial and ethnic minorities still face few housing opportunities than all other households: they own homes at a lower rate, spend more of their income on rent and continue to contend with residential segregation.

The Great Recession disproportionately impacted black and Latino households as gains in these housing opportunities before 2000 were largely erased in the last 10 years. Locally, however, some metros bucked national trends to emerge as areas where housing prospects for black and Latino households improved.

Making sense of the story

- Nationally, the homeownership gap between all households and black and Latino households has changed little since 1970.

- The share of households that are rent burdened—spend 30% of their income or more on rent—increased after the housing crisis. More than 55% of black and Latino households are rent burdened compared to 47% of all households.

- Homeownership increased the most for black households in the Northeast and Mid-Atlantic from 1990 to 2015, increasing the most in Washington, D.C. (9.6 percentage points), Peabody, Mass. (9.3 points) and Fairfield County, Conn. (9.3 points).

- Rust Belt cities like Troy, Mich. (-13.1 points), Grand Rapids, Mich. (-10.1 points) and Akron, Ohio (-9.4 points) topped the list of metros where homeownership decreased the most for black households.

- Latino households saw double-digit increases in homeownership in Chicago (13.0 points), Hartford, Conn. (11.7 points) and Houston (11.7 points).

- Residential black-white segregation decreased in 94 of the largest 100 metros from 1980 to 2015, improving the most in in the Florida metros of Fort Lauderdale, Sarasota and Cape Coral.

Full story
https://www.trulia.com/blog/trends/fair-housing-legacy/

In other news…

Congress takes on “predatory” PACE loans

Source: Housing Wire

The rules surrounding energy retrofit loans, which have engendered a great deal of divisiveness over the last few years, could be about to change, as both houses of Congress are set to consider changes to the rule for loans created by the Property Assessed Clean Energy program. The loans, also called PACE loans, allow homeowners to obtain financing to make improvements to their homes to increase the home’s energy efficiency. PACE loans are often used to add solar panels to a home.

The bill, titled the Protecting Americans from Credit Exploitation Act (or PACE Act), was introduced this week in the Senate by Sens. Tom Cotton, R-Ark.; Marco Rubio, R-Florida; and John Boozman, R-Ark.; and in the House of Representatives by Reps. Brad Sherman, D-Calif.; and Ed Royce, R-Calif.

Specifically, the bill would amend the Truth in Lending Act to require a full TILA disclosure of the loan details and terms, as is required now with mortgage loans.

C.A.R. President Geoff McIntosh said that the bill is especially important in California, where PACE loans are more prevalent than in other states. “The use of Property Assessed Clean Energy liens, which lacks industry oversight, has grown more in California than in any other state,” McIntosh said.

“Without federal regulatory oversight for these types of loans, unknowing homeowners are unable to compare costs, and terms and conditions, and are vulnerable to rates and fees that are in some cases predatory,” McIntosh continued. “We commend Reps. Sherman and Royce for introducing legislation that will allow the Consumer Financial Protection Bureau to regulate the companies selling PACE loans and protect consumers from hard sales tactics that often lead to abuse.”

Full story
http://www.housingwire.com/articles/39786-congress-takes-on-predatory-pace-loans

Home sellers face challenge in buying new residences

Source: National Mortgage Professionals

In a survey of 800 real estate agents working with the Redfin brokerage, 65.6 percent of respondents said that low inventory was the greatest challenge facing the sellers in their markets. And the homes that are available become very popular very quickly: 57.2 percent respondents reported being involved in at least one instance of a home receiving 10 or more offers this year; a mere 1.8 percent of agents said they yet to be involved in a bidding war.

Some agents recommend sellers move ahead with their home sale before securing the purchase of a new home and consider temporary rental options, or moving in with relatives after they sell. This strategy allows sellers to take the time they need to find their dream house, know exactly what they'll have to work with financially, and won't end up adding unnecessary contingencies to offers, which will give them a better chance to get the home

Full story
http://nationalmortgageprofessional.com/news/62602/home-sellers-face-challenge-buying-residences

How a Fed rate hike affects your mortgage, credit cards and student loans

Source: Yahoo Finance

The Federal Reserve has raised interest rates once so far this year — and it's on track to raise them twice more in 2017. But how does a Fed rate hike affect you? The Federal Reserve, or the central bank of the United States, works to help stabilize the nation's banking and financial system. One way the Fed does that is by controlling interest rates.

When there's an interest rate increase, borrowing money gets more expensive — but it's a sign that our economy is improving. Ordinary consumers will pay more to borrow money for things like a home. Credit card interest rates can increase, but you may also get a higher rate of return on savings accounts.

Full story
http://finance.yahoo.com/news/fed-rate-hike-affects-mortgage-credit-cards-student-loans-140524936.html

Should borrowers wait to save 20% down or buy now?

Source: MGIC Connects

While nearly 40 percent of aspiring homeowners believe they need to put down 20 percent on a home purchase, the average down payment was just 11 percent in 2016, according to the National Association of REALTORS®. Mortgage insurer MGIC has created a calculator that can show consumers whether they're better off waiting and saving for a bigger down payment or buying now with less money upfront.

No matter what the results of the calculator show, prospective borrowers shouldn't buy before they are ready and need to be comfortable not only with the mortgage payment but also the other responsibilities that come with homeownership.

Full story
https://mgic-connects.com/waiting-save-20-payment-can-cost-homebuyers-money/

Mission nearly impossible: finding a home to buy

Source: Associated Press

Anyone eager to buy a home this spring probably has reasons to feel good. The job market is solid. Average pay is rising. And mortgage rates, even after edging up of late, are still near historic lows.

And then there's the bad news: Just try to find a house.

The national supply of homes for sale hasn't been this thin in nearly 20 years. And over the past year, the steepest drop in supply has occurred among homes that are typically most affordable for first-time buyers and in markets where prices have risen sharply.

Full story
http://www.cnbc.com/2017/04/10/mission-nearly-impossible-this-spring-finding-a-home-to-buy.html

What you should know

- A study by Fannie Mae examines homebuyer education, and explains why many buyers aren't being educated. Most consumers interviewed in the study had little or no awareness of pre-purchase homeownership education classes unless they were required to take one.

- Sales of vacation homes plunged last year, but purchases of investment properties jumped, according to the National Association of Realtors' *2017 Investment and Vacation Home Buyers Survey*.

- Vacation home purchases last year fell to 721,000, down 21.6 percent from 2015's 920,000 sales and the lowest level since 2013's 717,000 sales, NAR said Tuesday.

- Investment sales in 2016 rose to 1.14 million homes, up 4.5 percent from 1.09 million in 2015.

- A lack of inventory drove up median sales prices. The median price of a vacation home price was $200,000, up 4.2 percent from 2015's $192,000. The median price of an investment home sales reached $155,000, up 8 percent from 2015's $143,500.

- With home prices steadily rising, an increasing share of second-home buyers financed their purchase last year. The share of vacation buyers who paid fully in cash diminished to 28 percent (38 percent in 2015), while cash purchases by investors decreased to 35 percent from 39 percent in 2015 and 41 percent in 2014.

- NAR's survey didn't break out sales by state or metro area, but it said the South is the most popular destination for buyers of vacation homes. The findings are based on a survey of 2,099 people who bought real estate in 2016.