



Hot Topics Affecting Housing Counseling

August 5, 2015

Facilitators & Speakers

- Facilitator: Doug Dylla, Doug Dylla Consulting, Subcontractor to ICF International
- State of the Nation's Housing Report
 - Dr. Chris Herbert, Managing Director, Joint Center for Housing Studies of Harvard University
- Affirmatively Furthering Fair Housing (AFFH) Final Rule
 - Bryan Greene, General Deputy Assistant Secretary, Office of Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development

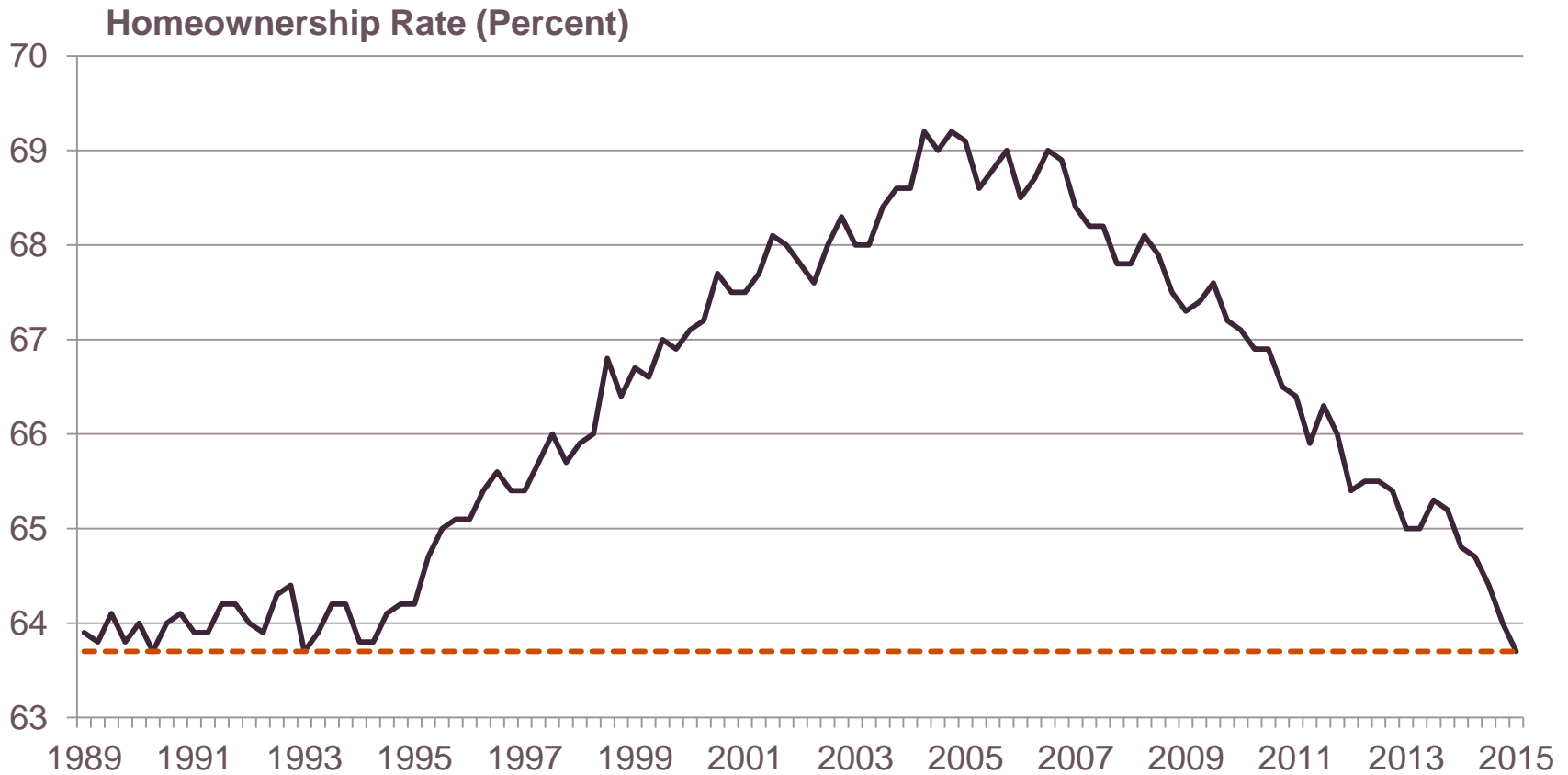
State of the Nation's Housing 2015

Joint Center for Housing Studies
of Harvard University



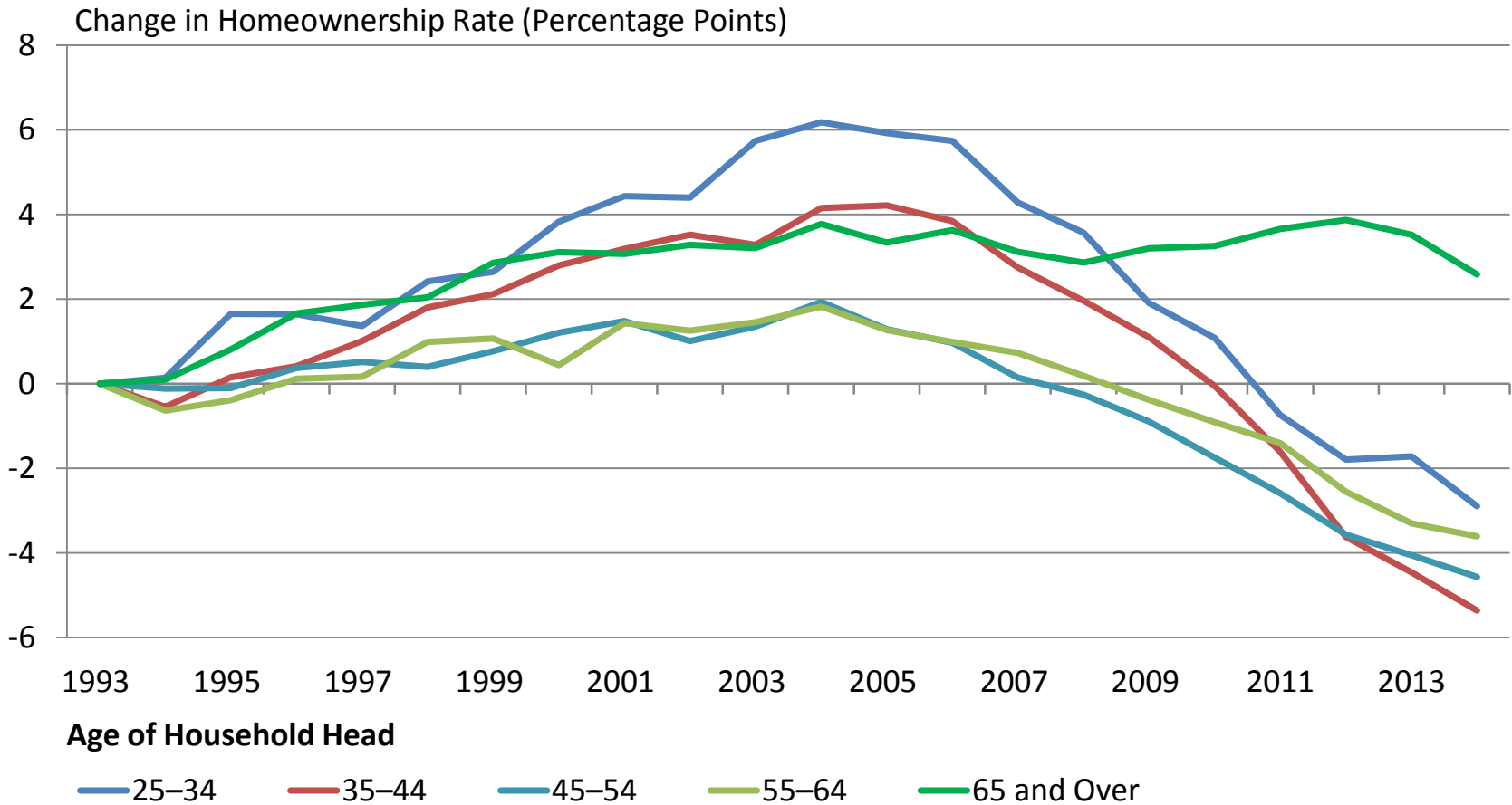
JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

Figure 1. The National Homeownership Rate Has Fallen Back to 1993 Levels...



Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

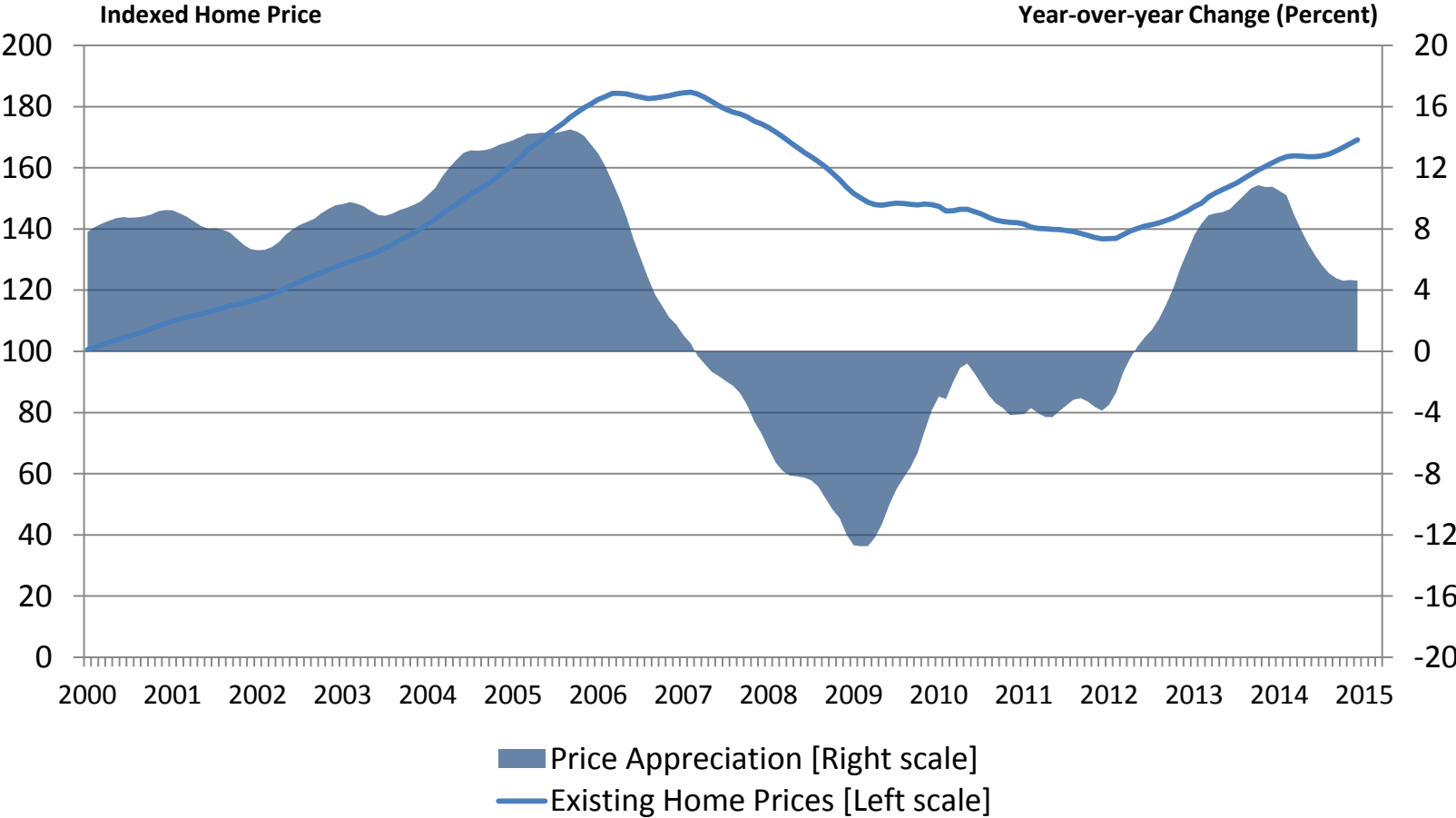
Figure 2. ...But Are Well Below that Point for Most Age Groups



Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.



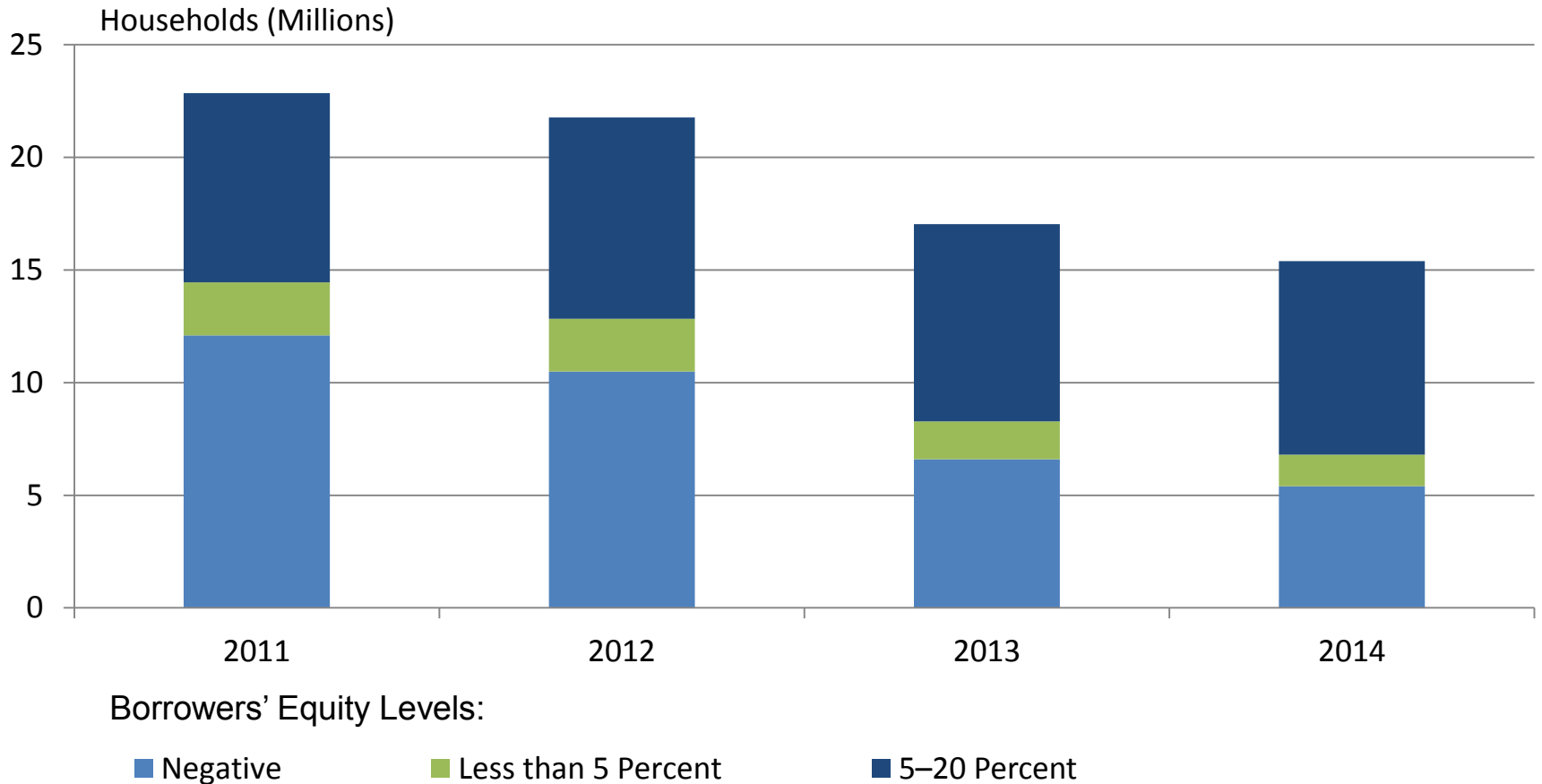
Figure 3. While Existing Home Prices Continued to Rise in 2014, Appreciation Slowed



Source: JCHS tabulations of CoreLogic Case-Shiller Home Price Indexes.

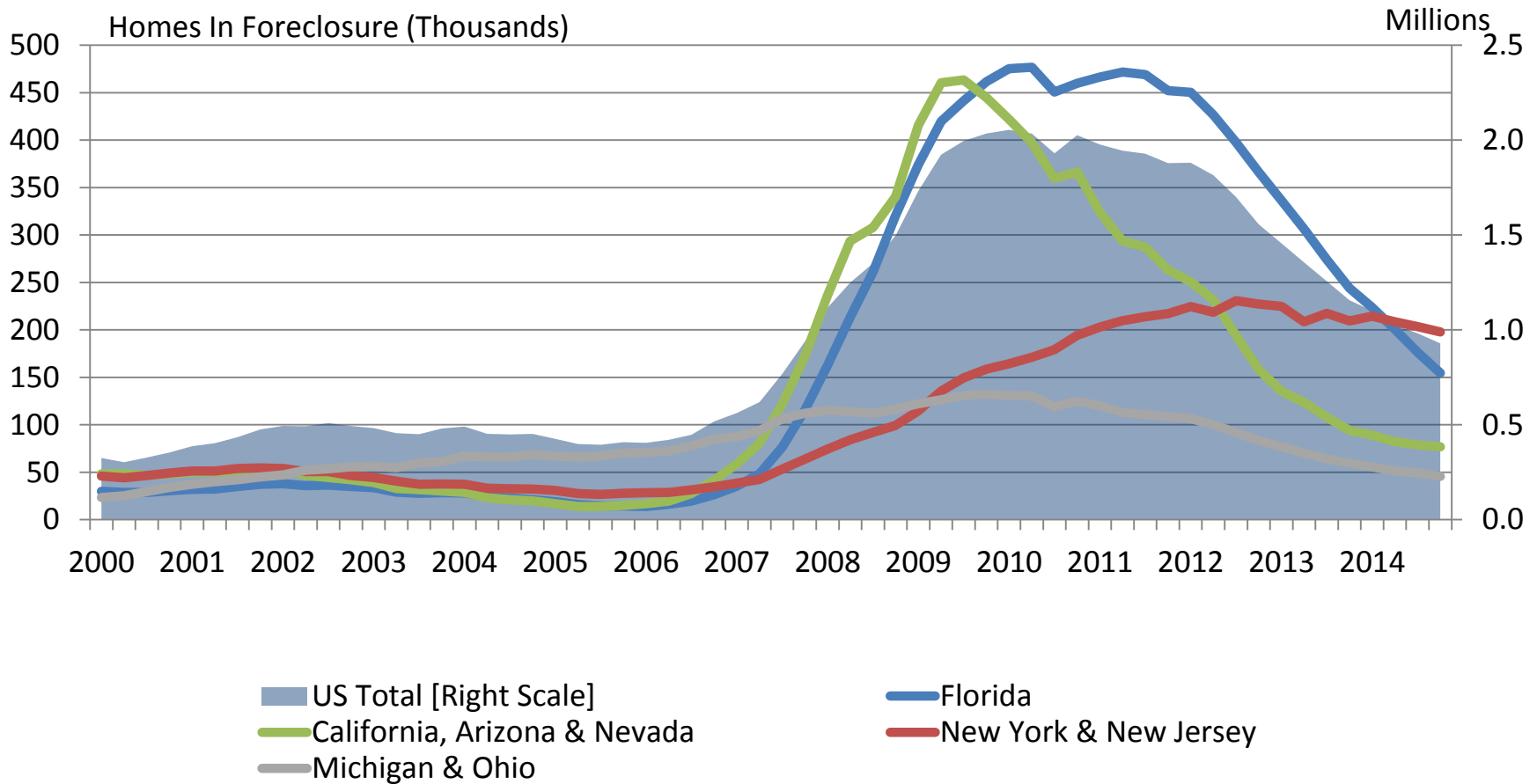


Figure 4: Although the Number of Underwater Homeowners is Shrinking, Many Borrowers Still Have Little Equity



Note: Household counts are as of the fourth quarter of each year.
 Source: JCHS tabulations of CoreLogic data.

Figure 5. Foreclosure Inventories Have Dropped Precipitously, Especially in the Hardest-Hit States

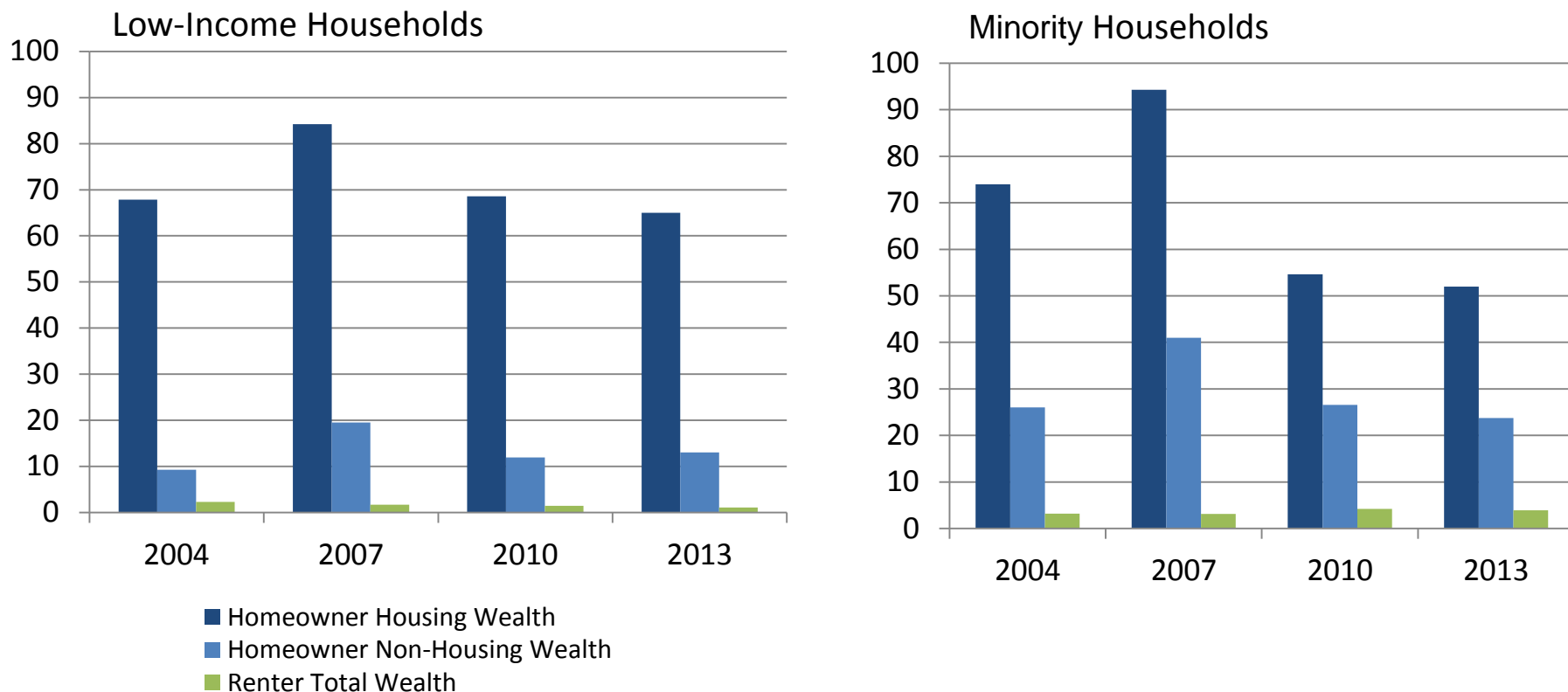


Source: JCHS tabulations of Mortgage Bankers Association, National Delinquency Surveys.



Figure 6. Despite the Downturn, Housing Remains the Primary Form of Wealth for Low-Income and Minority Households

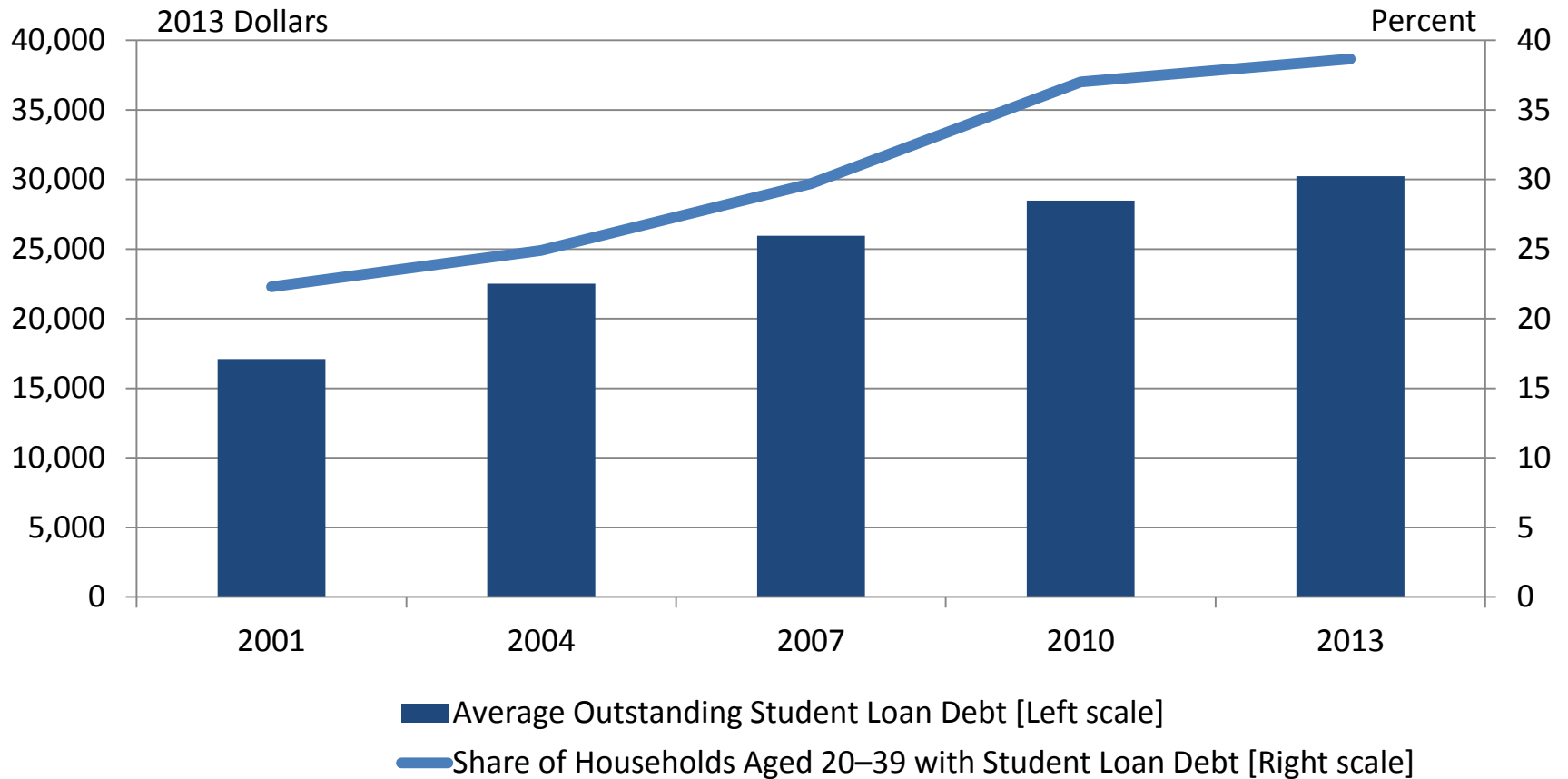
Median Net Wealth (Thousands of 2013 dollars)



Notes: Medians for housing and non-housing wealth are calculated independently do not sum to total. Non-housing wealth includes cash savings, savings in retirement accounts, stocks and bonds. Values are adjusted for inflation with the CPI-U for All Items. Low-income households are in the bottom income quartile based on equal fourths of all households.

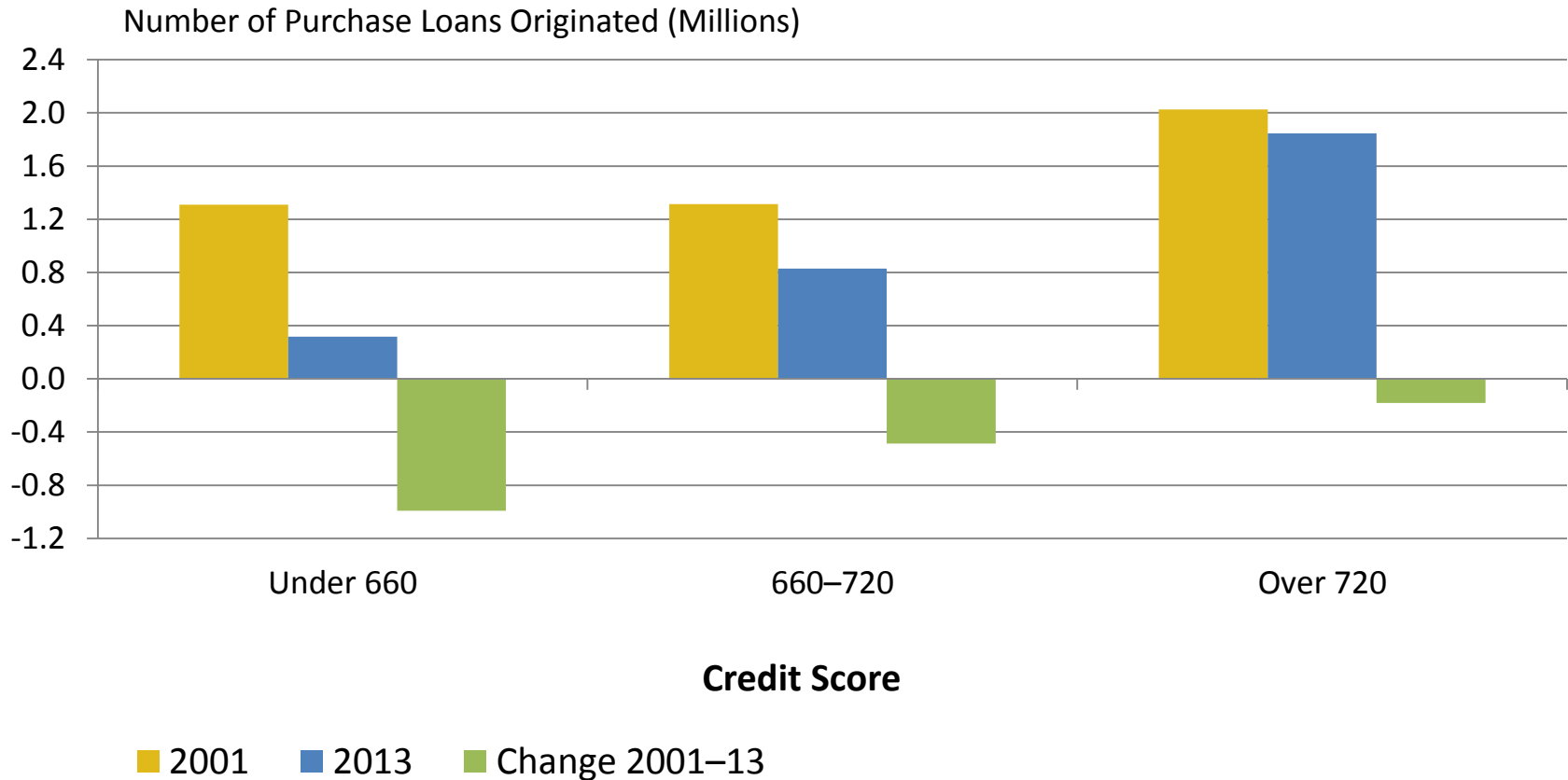
Source: JCHS tabulations of Federal Reserve Board, Surveys of Consumer Finances.

Figure 7. Growing Shares of Young Households Are Carrying Higher Levels of Student Loan Debt



Note: Student debt is reported for entire household. Average outstanding student loan balances exclude households without debt.
 Source: JCHS tabulations of Federal Reserve Board, Surveys of Consumer Finances

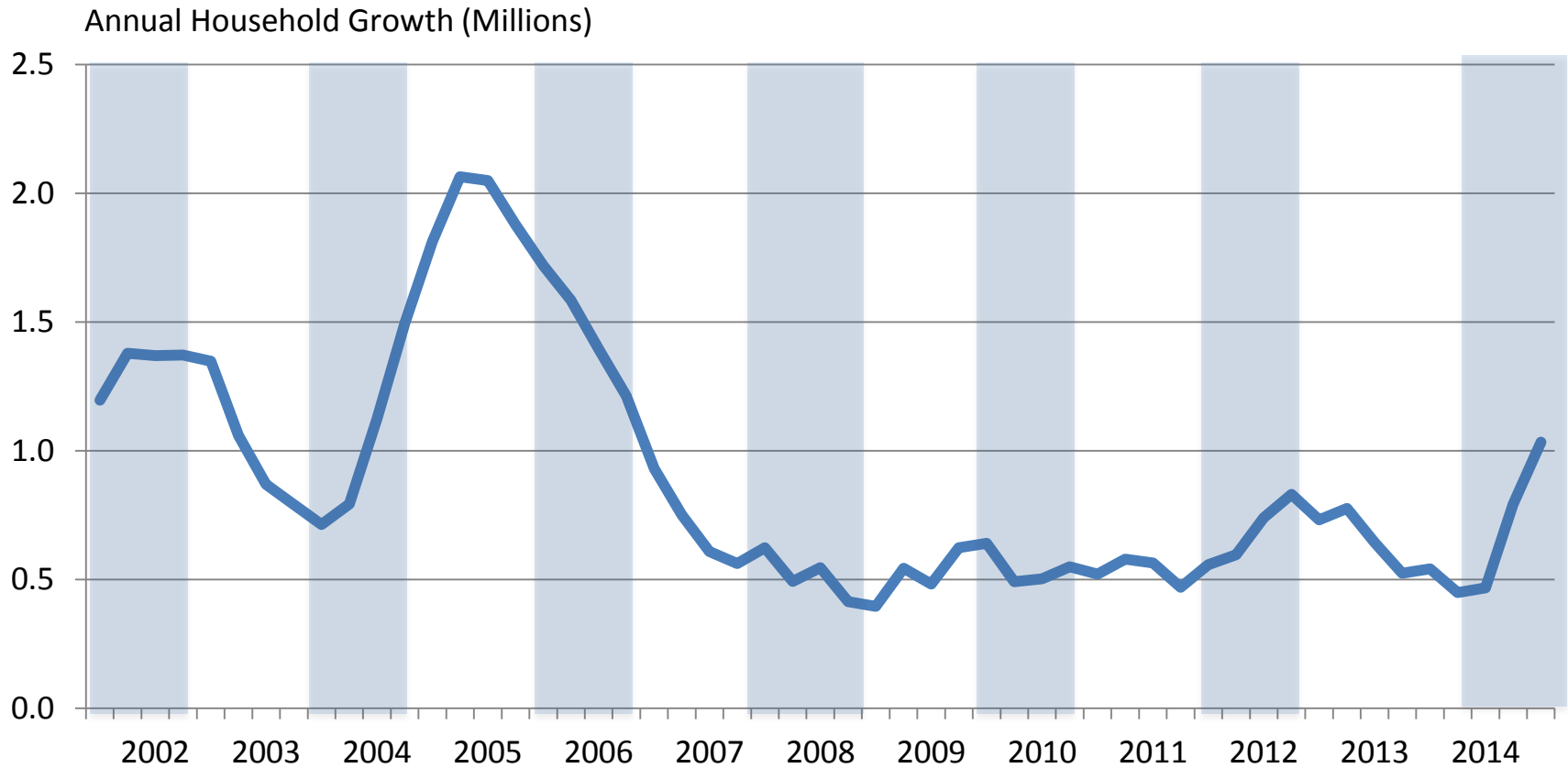
Figure 8. Lending to Borrowers with Even Moderate Credit Scores Has Dropped Below Pre-Boom Levels



Source: Urban Institute.



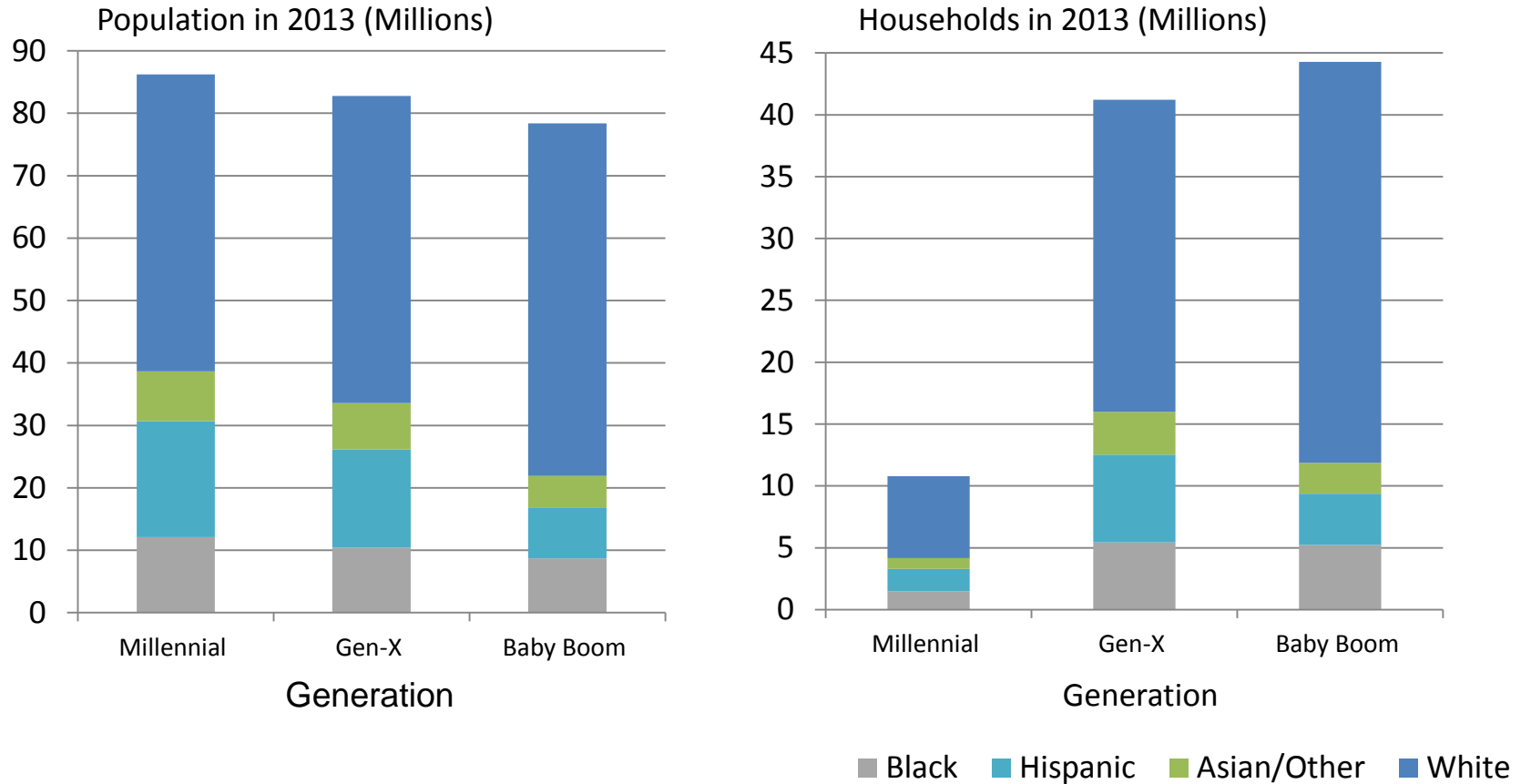
Figure 9. Household Growth Appears to be Picking Up



Note: Estimates are four-quarter rolling average year-over-year growth.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.



Figure 10. The Large, Diverse Millennial Generation Is Only Now Beginning to Form Households

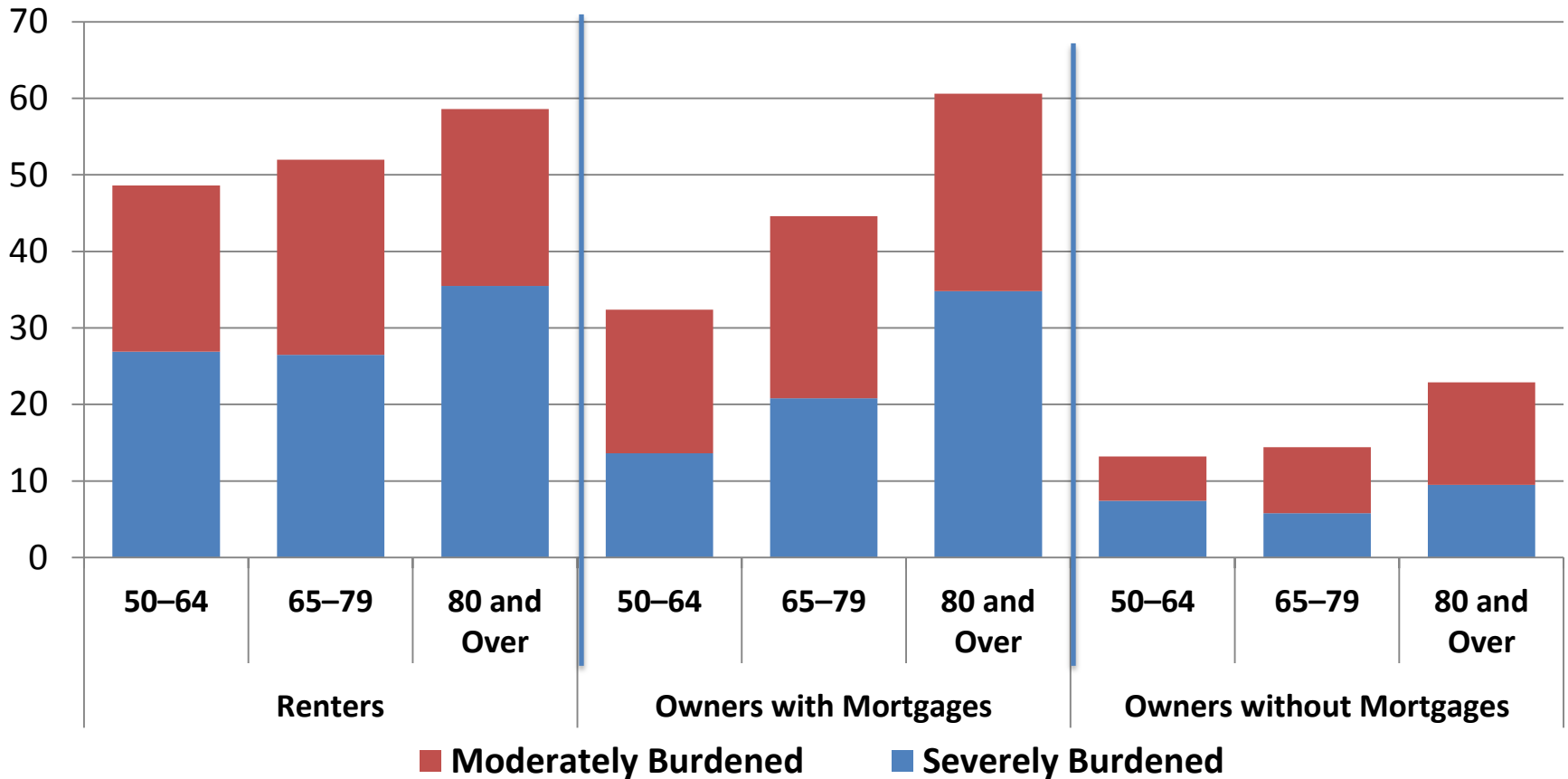


Note: White, black, and Asian/other households are non-Hispanic. Hispanic households may be of any race.

Sources: JCHS tabulations of US Census Bureau, 2013 American Community Survey.

Figure 11. Housing Cost Burdens Rise Sharply with Age for Those Still Paying off Mortgages

Share of Households by Age Group (Percent)

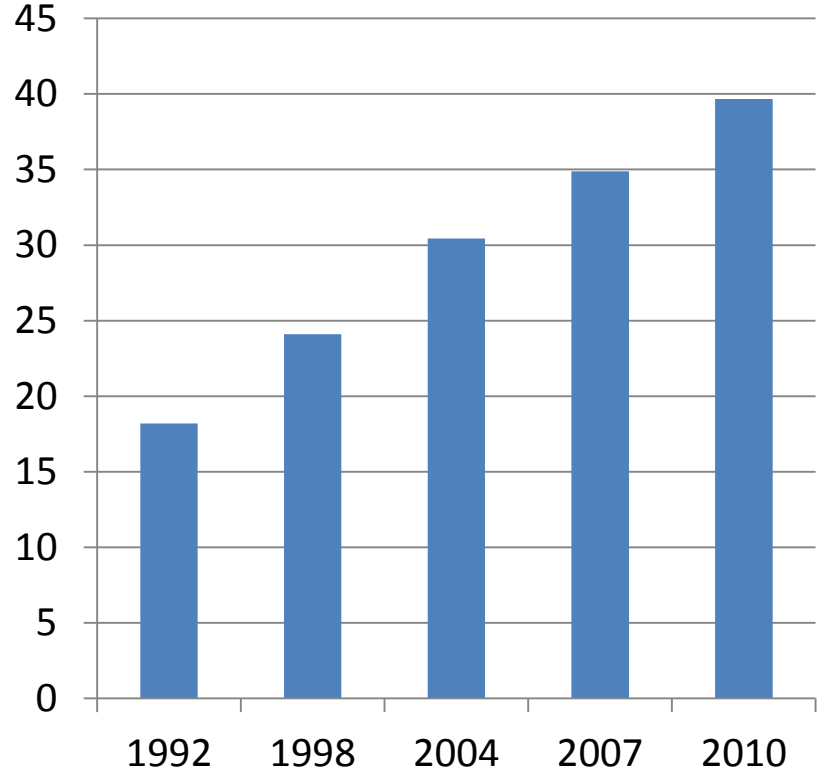


Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey.

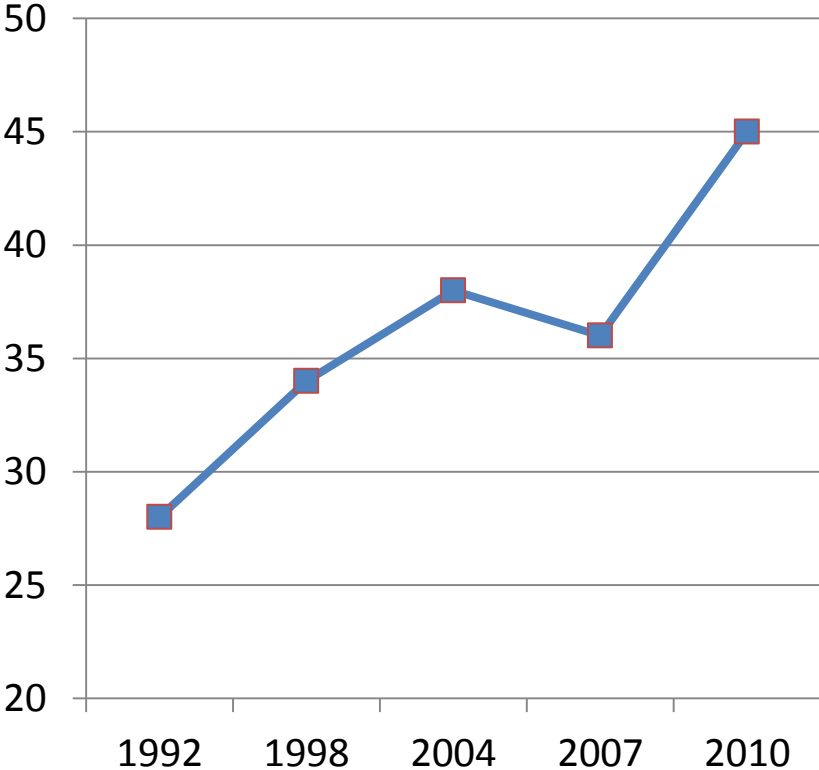


Figure 12. Households 65 and Over Are Carrying Much More Mortgage Debt into Their Retirement Years

Share of Owners with Mortgage Debt by Age Group (Percent)



Average Loan-to-Value Ratio for Owners with Mortgages by Age Group (Percent)



Source: JCHS tabulations of Federal Reserve Board, Surveys of Consumer Finances.



Implications for Counseling Agencies

- Despite improvements in the overall economy, there's still a great need for *financial education, coaching and counseling services* due to:
 - Rise in student debt loads
 - Rise in housing cost burdens at all age levels
 - Lack of emergency savings
 - Rigid lending standards that have adversely affected borrowers credit scores below 720

Implications for Counseling Agencies

- With the lower homeownership rates, there is greater demand for *rental education*
- There will be a continuing need for *post-purchase, HECM and foreclosure intervention counseling services* given:
 - More seniors carrying high mortgage debt loads
 - Large percentage of homeowners with “underwater” mortgages

Implications for Counseling Agencies

- *Targeted outreach* is needed to highlight the critically important wealth effects of homeownership for:
 - Millennials
 - Lower-income and
 - Minority households

Implications for Counseling Agencies

- Potential pent-up demand for *homeownership education and counseling services* from minority and low-income households with:
 - Low interest rate environment
 - Moderate home price increases
 - Down payment assistance available from cities, counties and state housing finance agencies

Q and A



Affirmatively Furthering Fair Housing Final Rule

AFFH Final Rule: Background

- Section 808(e)(5) of the Fair Housing Act 1968
- Executive Order 11063 (1962)
- Executive Order 12892 (1994)
- Program regulations include fair housing requirements, including an AFFH certification.
 - These all direct HUD and program participants to Affirmatively Further Fair Housing (AFFH)

AFFH Final Rule

- AFFH Final Rule is about fair housing planning
- The rule provide HUD grantees with clear guidelines and data to develop an Assessment of Fair Housing (AFH)
- The rule requires community participation in the development of the AFH and links the AFH to subsequent planning process (e.g. the Con Plan and PHA Plan)

Key Features of Final Rule

- Clarifying existing fair housing obligations
- Publicly open data on fair housing
- A balanced approach to fair housing
- Expanding access to opportunity
- Valuing local data and knowledge
- Customized tools for local leaders
- Collaboration is encouraged
- Community voice
- A phased in approach
- Additional time for small grantees

AFH

- Assessment of Fair Housing (AFH)
 - Replaces the AI (Analysis of Impediments to Fair Housing)
- Who conducts an AFH?
 - Jurisdictions and Insular Areas required to submit Consolidated Plans within HUD's Office of Community Planning and Development (CPD), which includes CDBG, ESG, HOME, and HOPWA
 - PHAs receiving funding under Section 8 or 9 of the U.S. Housing Act of 1937

Phased-in Approach

- Local Govts that received more than \$500,000 CDBG in FY 2015
 - Con plan due Jan 1, 2017
 - AFH due April 6, 2016
- State, insular areas, local govts that received Less than \$500,000 CDBG in FY 2015
 - Con plan due Jan 1, 2018
 - AFH due April 6, 2017

Phased-in Approach (cont.)

- Qualified Public Housing Authorities (PHAs)
 - Next fiscal year for 5-year PHA plan due Jan 1, 2019
 - AFH due April 6, 2018
 - See FAQ doc for additional dates for each category

Implications for Counseling Agencies

- Overall, housing counseling oversight agencies should follow the lead of the con plan entity and/or PHA
 - Regional plans are strongly encouraged
- Intermediaries and Multi-state organizations (MSOs)
 - State and/or local agencies responsible for the consolidated plan/PHA plan may request input into AFH and AFFH activities should follow from assessment

Implications for Counseling Agencies

- State HFAs
 - Depending upon the state, typically agency staff already involved in the consolidated plan; however, additional coordination within the agency may need to occur for input into AFH and for AFFH activities
 - If not involved, the state agency responsible for the consolidated plan may request input into AFH and AFFH activities should follow from assessment

AFFH Resources

- HUD Exchange Website
<https://www.hudexchange.info/programs/affh>
 - AFFH Fact Sheet
 - AFFH FAQs
 - Executive Summary
- Ask a Question (AAQ)
<https://www.hudexchange.info/get-assistance/my-question/>

Q and A