

# Homeownership Study

Homeownership Subcommittee of the Housing Commission

December 13, 2022

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# Agenda

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Homeownership Study Updates



Barriers to Homeownership Analysis: Part 2



Group Discussion

# Study Updates – Since November 1

- [Homeownership Subcommittee Bylaws](#) were updated to indicate that part of the Subcommittee's role during the Homeownership Study is to offer a diverse perspective and ensure that racial equity is be considered and furthered throughout the course of the Homeownership Study
- [Homeownership Study Scope of Work](#) was also updated to reinforce that an intention and goal for the study is to advance the County's commitment to racial equity and the County-wide priority to eliminate, reduce, and prevent disparities.

# Study Updates – Forthcoming Information and Documents



## **Arlington Homeownership Program Review:**

A report that will review homeownership program participation history and analysis of beneficiary demographics. Estimated to be available early January 2023.



## **Communications and Engagement Plan:**

The outreach and engagement strategy for the Homeownership Study will be shared at the January 2023 Subcommittee meeting.

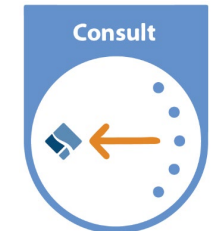
# Public Engagement Timeline



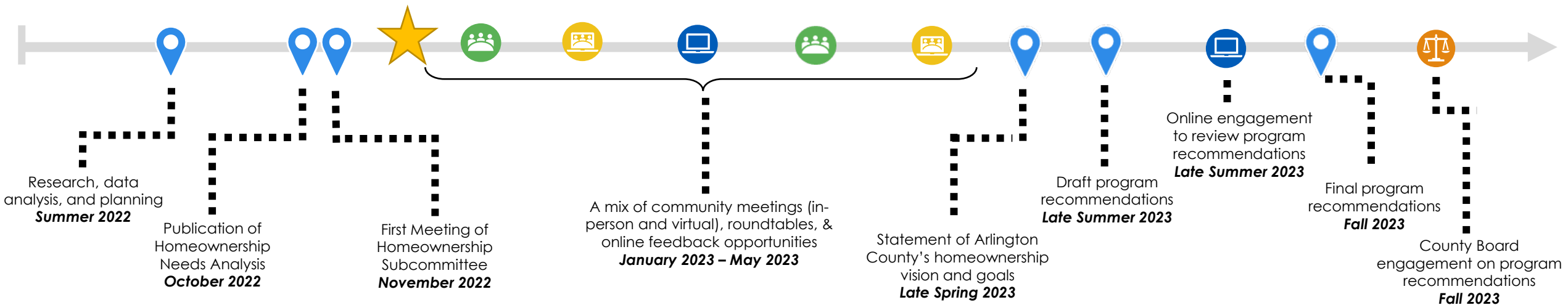
## PHASE 1 DATA COLLECTION & ANALYSIS



## PHASE 2 VALUES & VISION



## PHASE 3 PROGRAM RECOMMENDATIONS



**Online Feedback**  
(e.g. questionnaire, feedback form, etc.)



**In-Person Engagement and Pop-Ups**  
(e.g. community meeting, roundtable, tabling, walking/bus tour, deliberative dialogue, etc.)



**Virtual Meeting**  
(e.g., TEAMS, TEAMS live, Zoom, etc.)



**County Board Engagement**  
(e.g. public hearing, Board work session, open door Monday, commission meeting etc.)

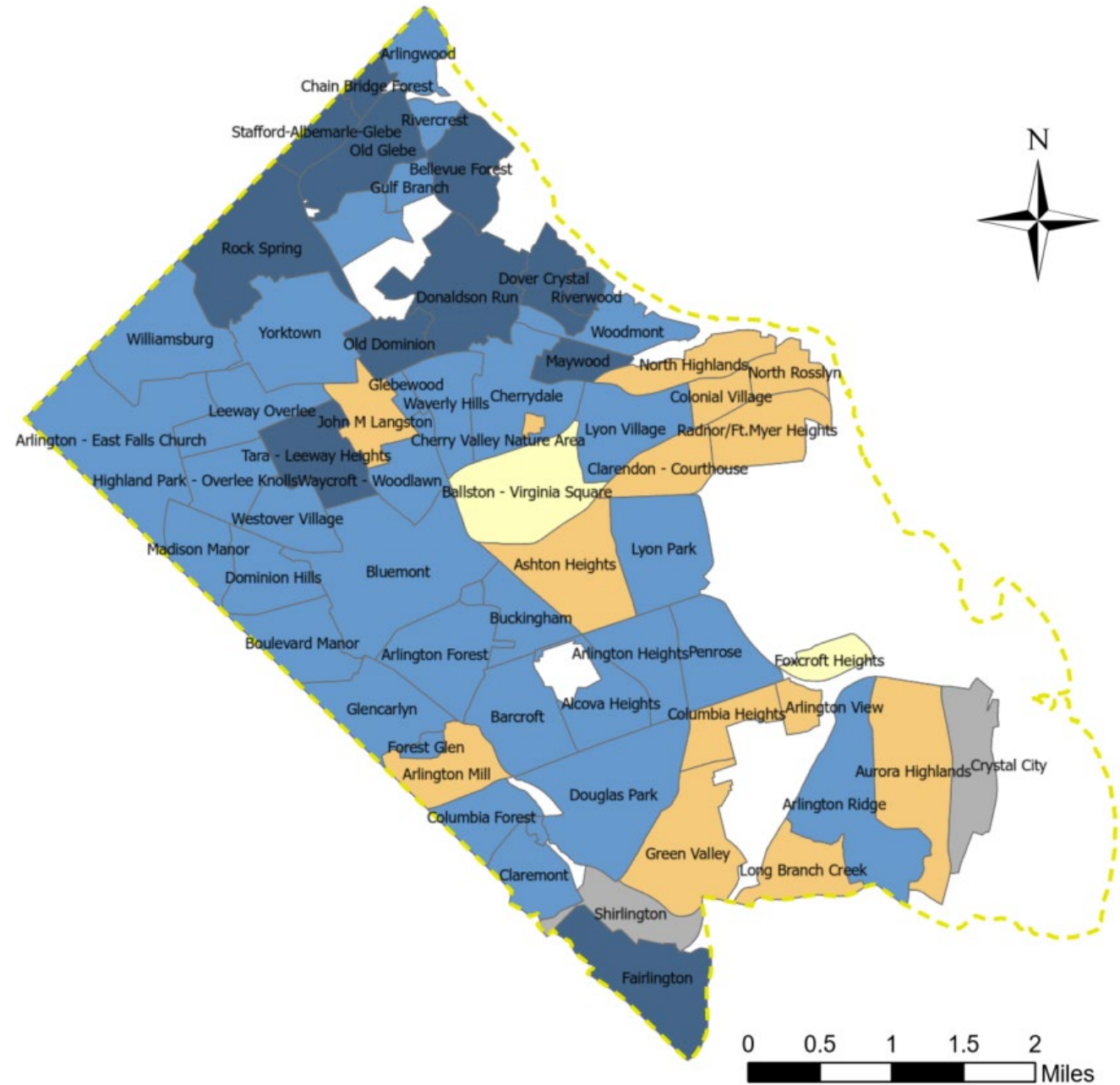
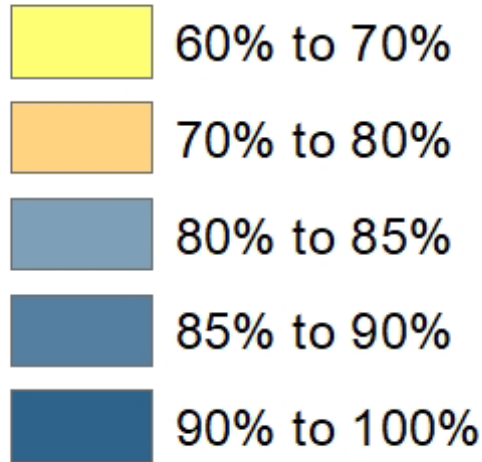


**Key Milestone**

# Owner Occupancy of Single Detached, Side-by-side a& Townhouse by Civic Association

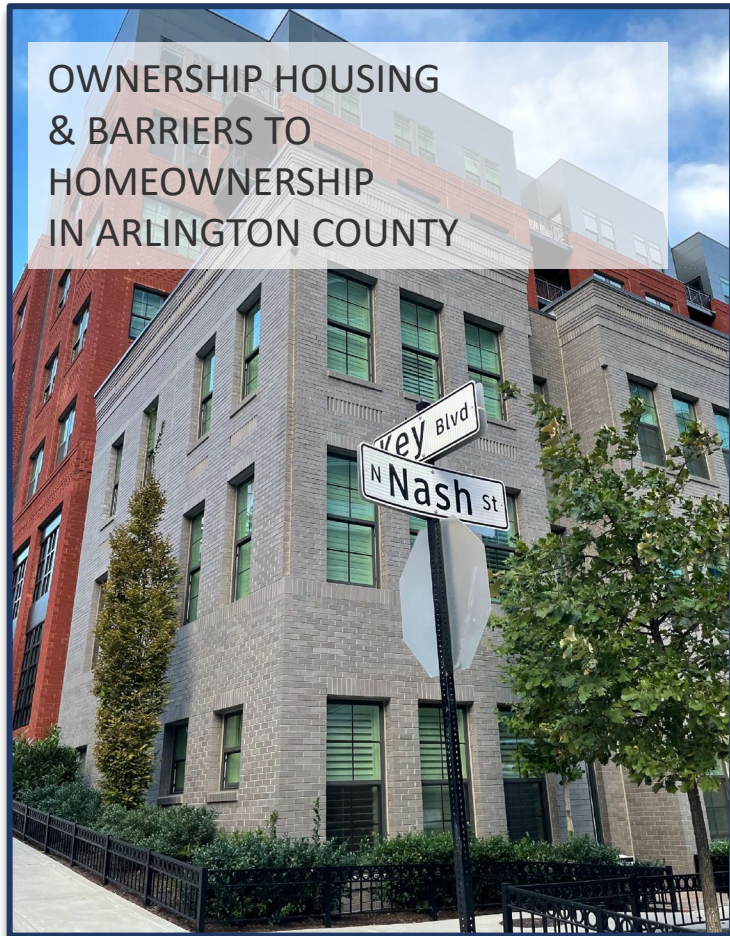
## Legend

### Owner Occupancy Rate



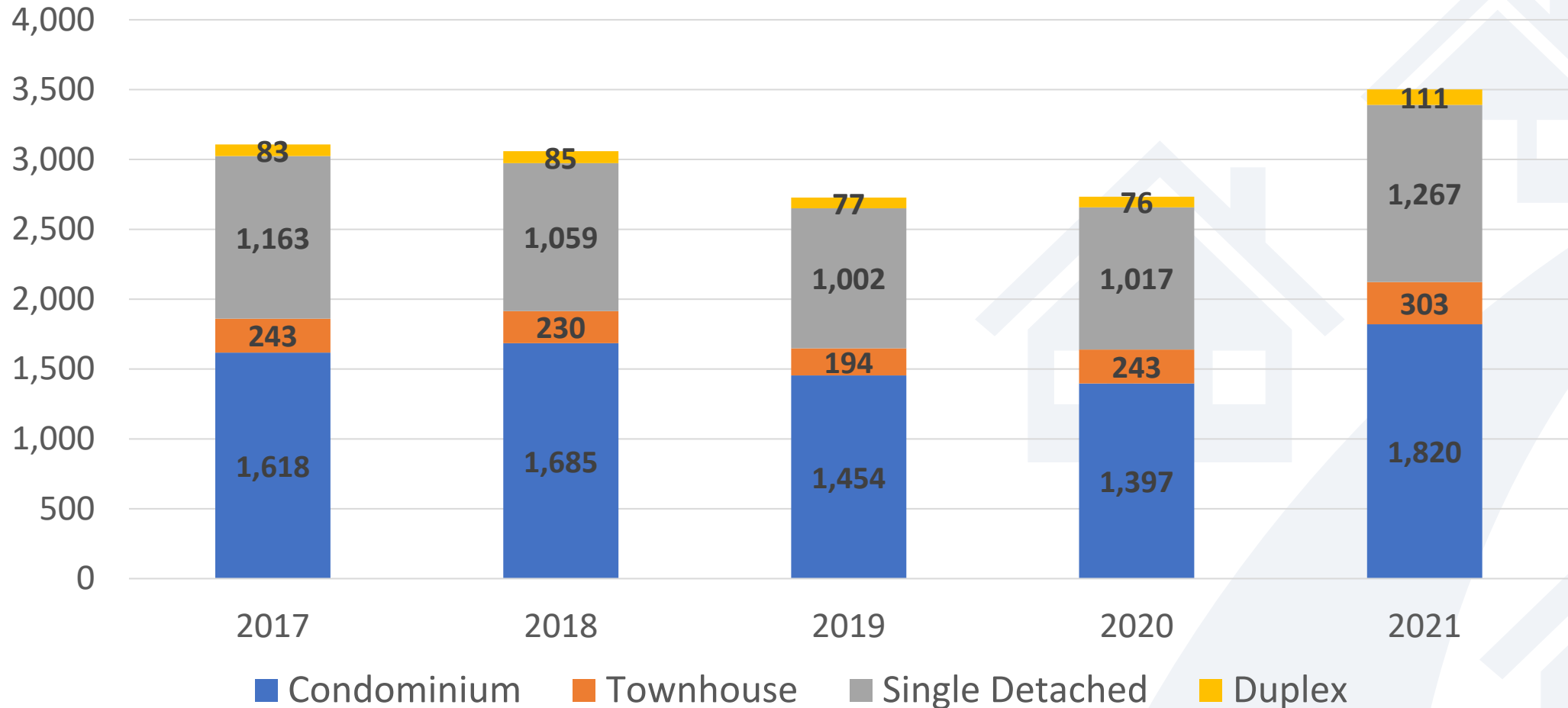


# Analysis of Barriers to Homeownership



- Housing Landscape
- Ownership Rates
- Household Income
- Housing Cost Burden
- **For Sale Housing Market**
- **Mortgage Finance**
- Condominiums
- Who can afford homeownership

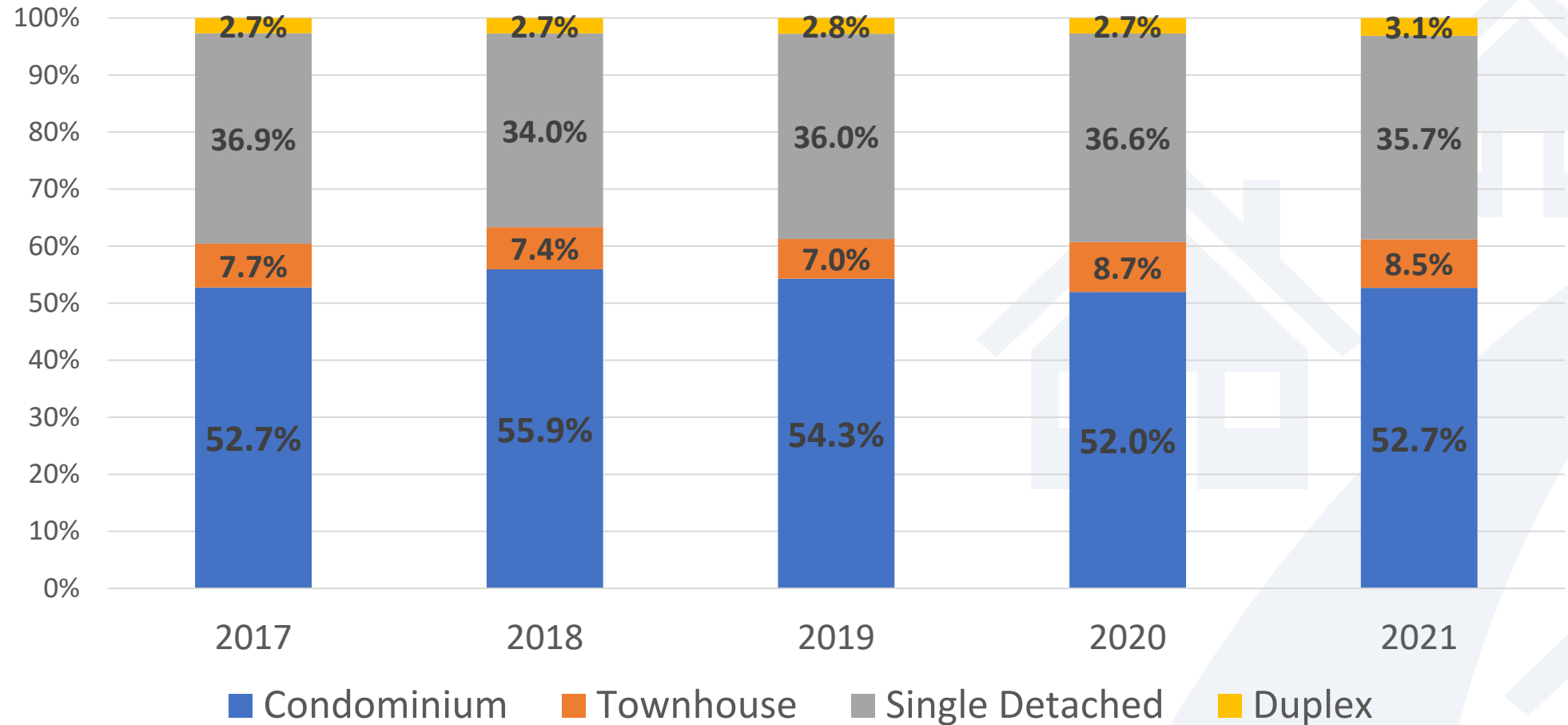
# Residential Property Sales Volumes 2017-2021



Source: BrightMLS



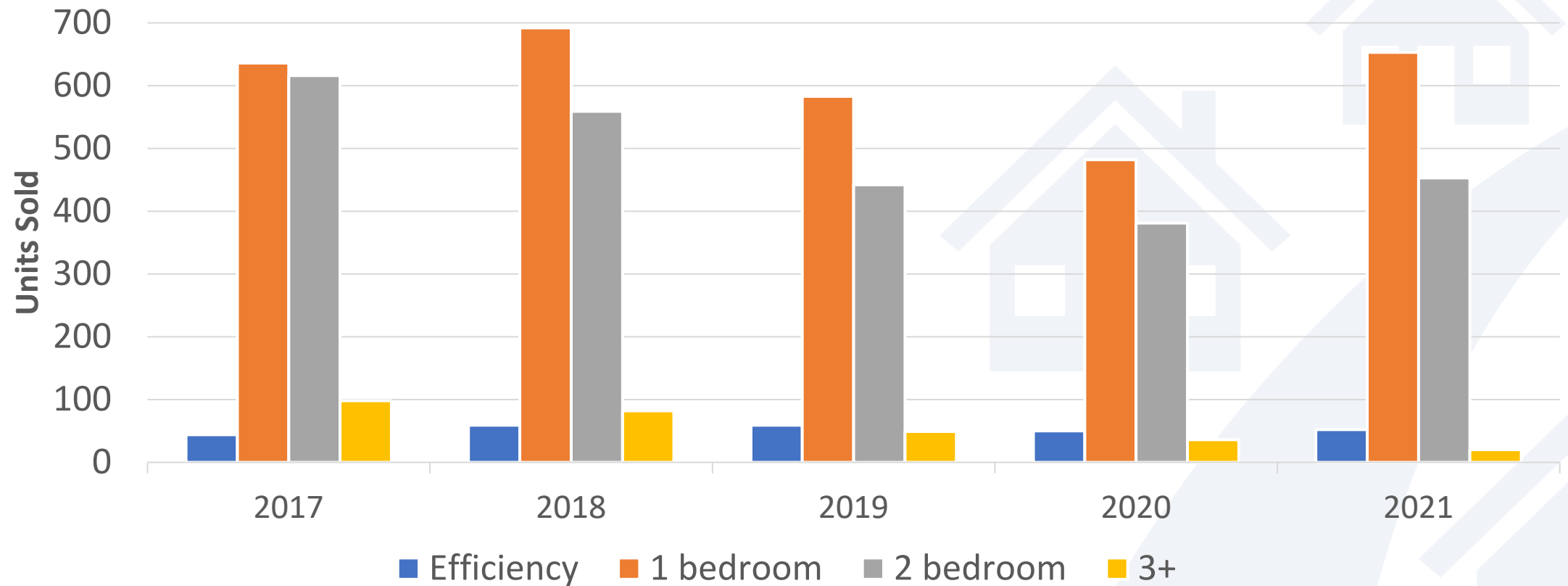
# Residential Property Sales Volumes 2017-2021



# 2021 Property Sales by Property Type

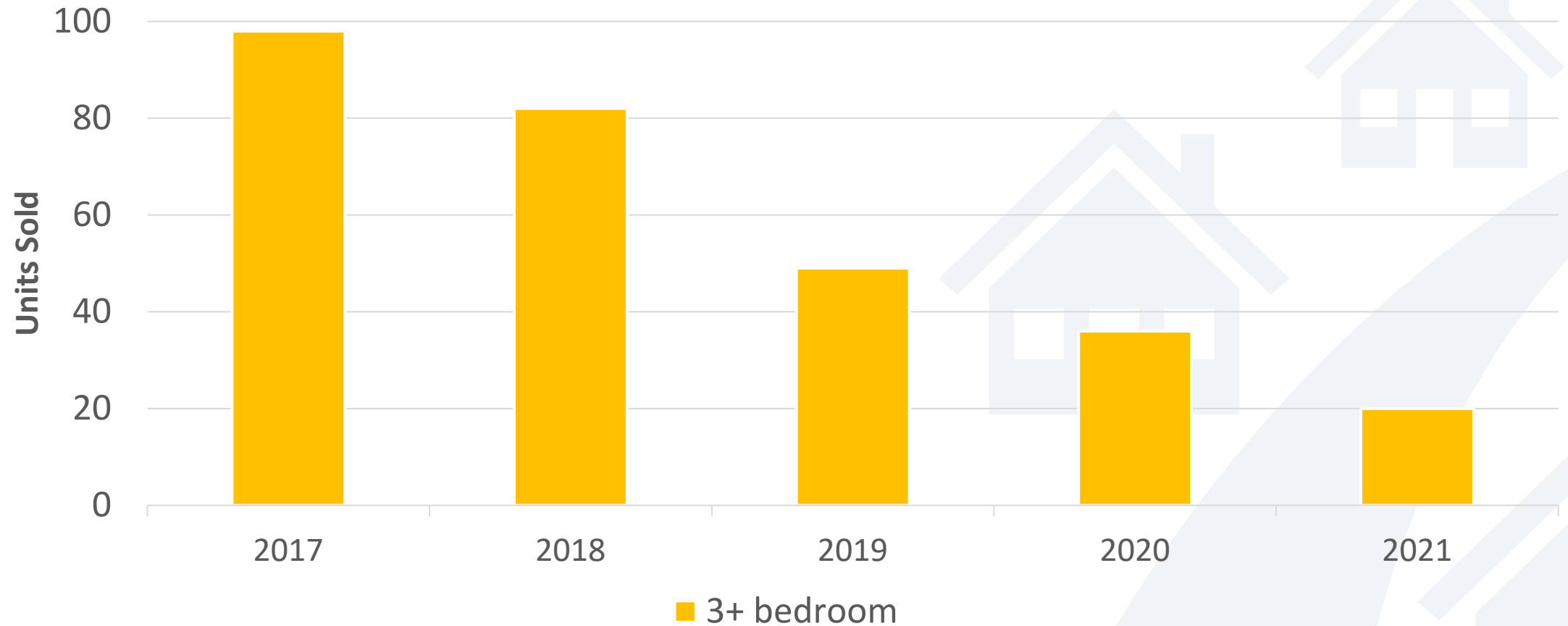
Property Type	Number of Housing Units	Ownable Housing Share	Sales Volume	Market Share	Turnover Rate
Condominium	26,149	42%	1,820	52%	7.0%
Townhouse	4,345	7%	303	9%	7.0%
Single Detached	28,536	46%	1,267	36%	4.4%
Duplex (side-by-side and stacked)	2,611	4%	111	3%	4.3%
<b>Total</b>	<b>61,641</b>		<b>3,501</b>		<b>5.7%</b>

# Housing Sold with Value up to \$500,000 by Number of Bedrooms

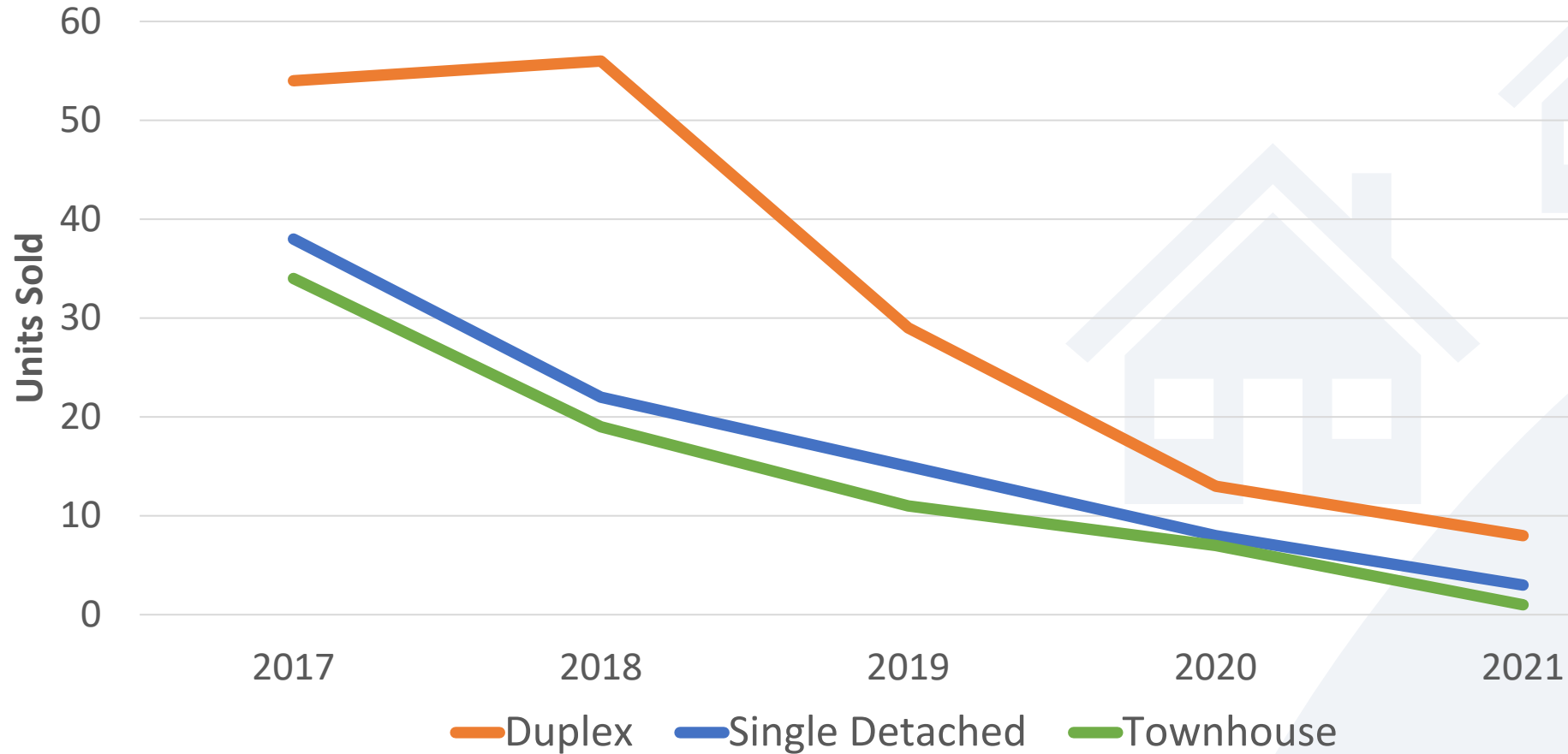


# Housing Sold with Value up to \$500,000

## Three Bedroom units



# Non-Condo Sales up to \$500,000

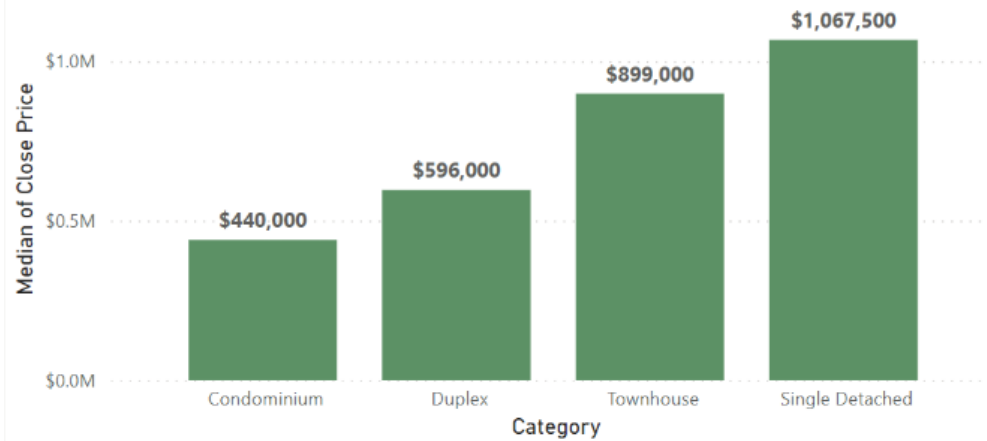


# Online Tool (Preview)

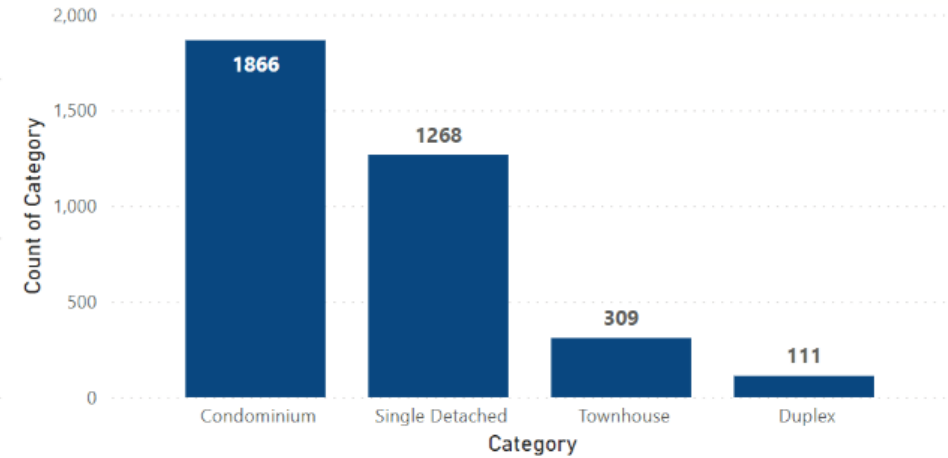
## Residential Property Sales in Arlington, VA 2021



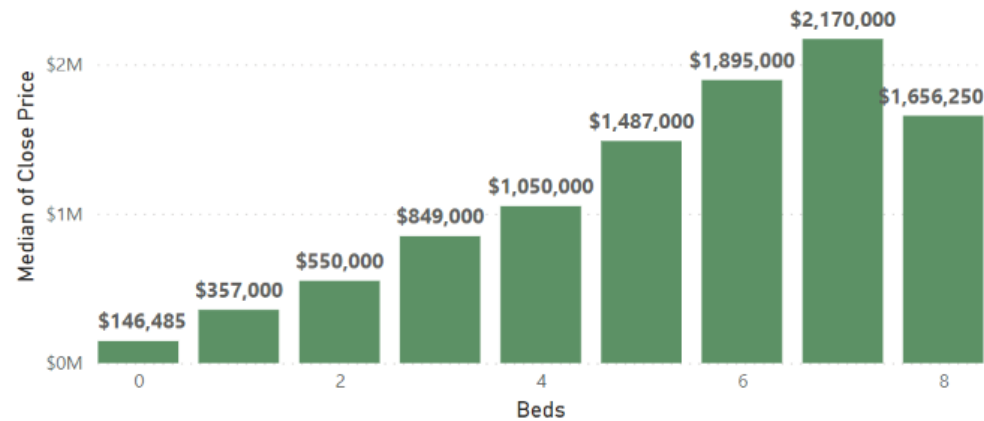
Median Sale Price by Housing Type



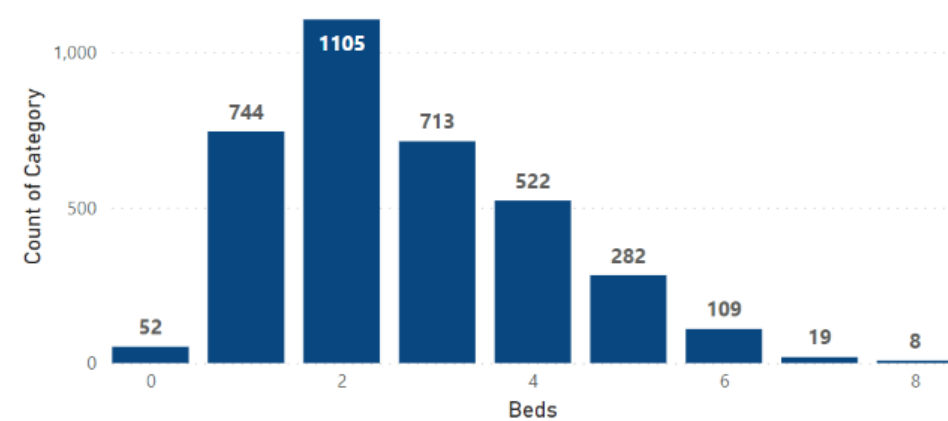
Sales Volume by Housing Type



Median Sale Price by Number of Bedrooms



Sales Volume by Number of Bedrooms





# Observations and Reactions

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- What trends are you seeing in the inventory of “for sale” housing?

# Home Mortgage Disclosure Act Data

## What is HMDA?

- Federal Law
- Consumer Financial Protection Bureau
- What information is collected
  - Applicant/Borrower information (Race/Ethnicity/Income)
  - Loan information (type of loan/purpose/occupancy/loan amount/interest rate/term)
  - Property information (property value)
  - Action taken on all applications
  - Reasons for denial

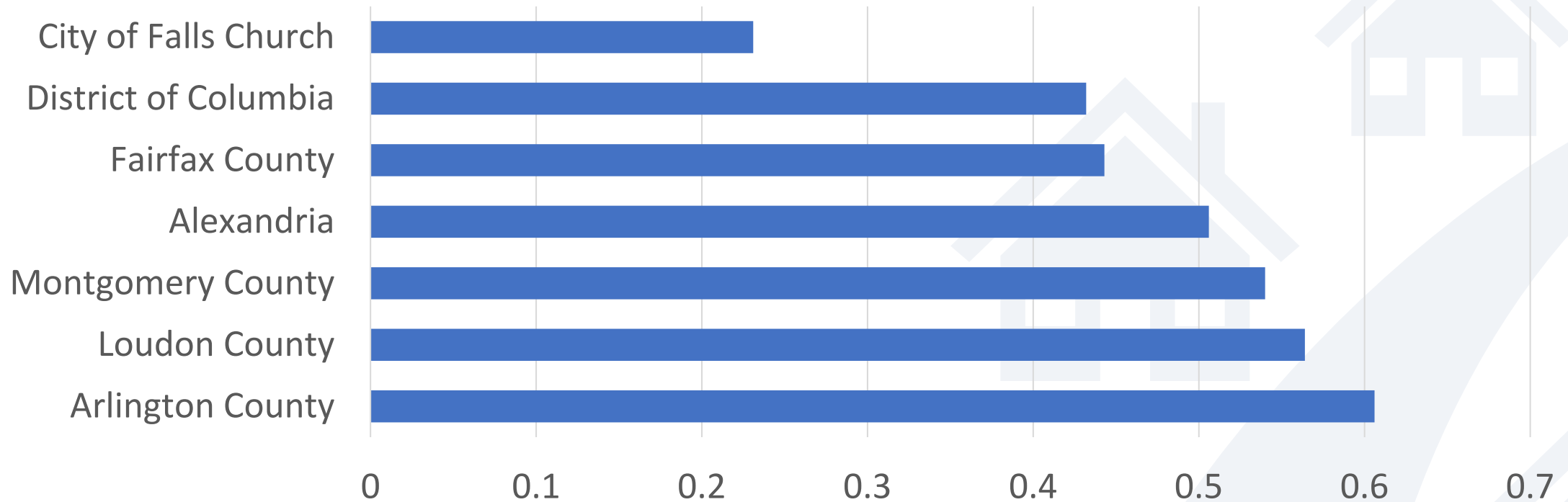
# Loan Denial and Origination Rates For Purchase of Primary Residence

Race/Ethnicity of Applicant	Applications Reported	Application Denied	Denial Rate	Loans Originated	Origination Rate
Asian	407	16	3.9%	313	77%
Black or African American	140	13	9.3%	96	69%
Hispanic or Latino	209	15	7.2%	160	77%
Race Not Available	959	23	2.4%	747	78%
White (not Hispanic)	2,187	60	2.7%	1,797	82%
All Applications	3,902	127	3.3%	3,113	80%

Source: Consumer Financial Protection Bureau, HMDA 2021

# Denial Ratio for Borrowers of Color

Ratio of denial rates for mortgages between white borrowers and borrowers of color



Values under 1 indicate that borrowers of Color have higher denial rates than White borrowers.

Source: HAND Housing Indicator Tool and Consumer Financial Protection Bureau, HMDA 2020

# Loan Denial Reasons

Reason for Denial	Total	Percent	Asian	Black	Hispanic	Race Not Available	White
Debt-to-income	215	37%	45%	39%	36%	26%	40%
Employment history	16	3%	4%	4%	3%	3%	3%
Credit history	59	10%	9%	11%	15%	9%	9%
Collateral	89	15%	16%	18%	11%	18%	14%
Insufficient cash (downpaymt, closing costs)	42	7%	6%	0%	6%	6%	9%
Unverifiable information	28	5%	1%	7%	6%	5%	5%
Credit application incomplete	80	14%	14%	11%	14%	20%	10%
Mortgage insurance denied	1	0%	0%	0%	10%	0%	0%
Other	58	10%	5%	11%	0%	13%	10%

# Debt-to-Income Denials

Debt to income	All	Asian	Black	Hispanic	White
Up to \$49,000	41	8	1	6	22
\$50,000 to \$99,000	61	14	6	10	23
\$100,000 to \$149,000	37	5	1	5	21
\$150,000 to \$199,000	27	1	2	2	15
\$200,000 to \$300,000	26	1		1	16
Above \$300,000	19	1	1	2	12

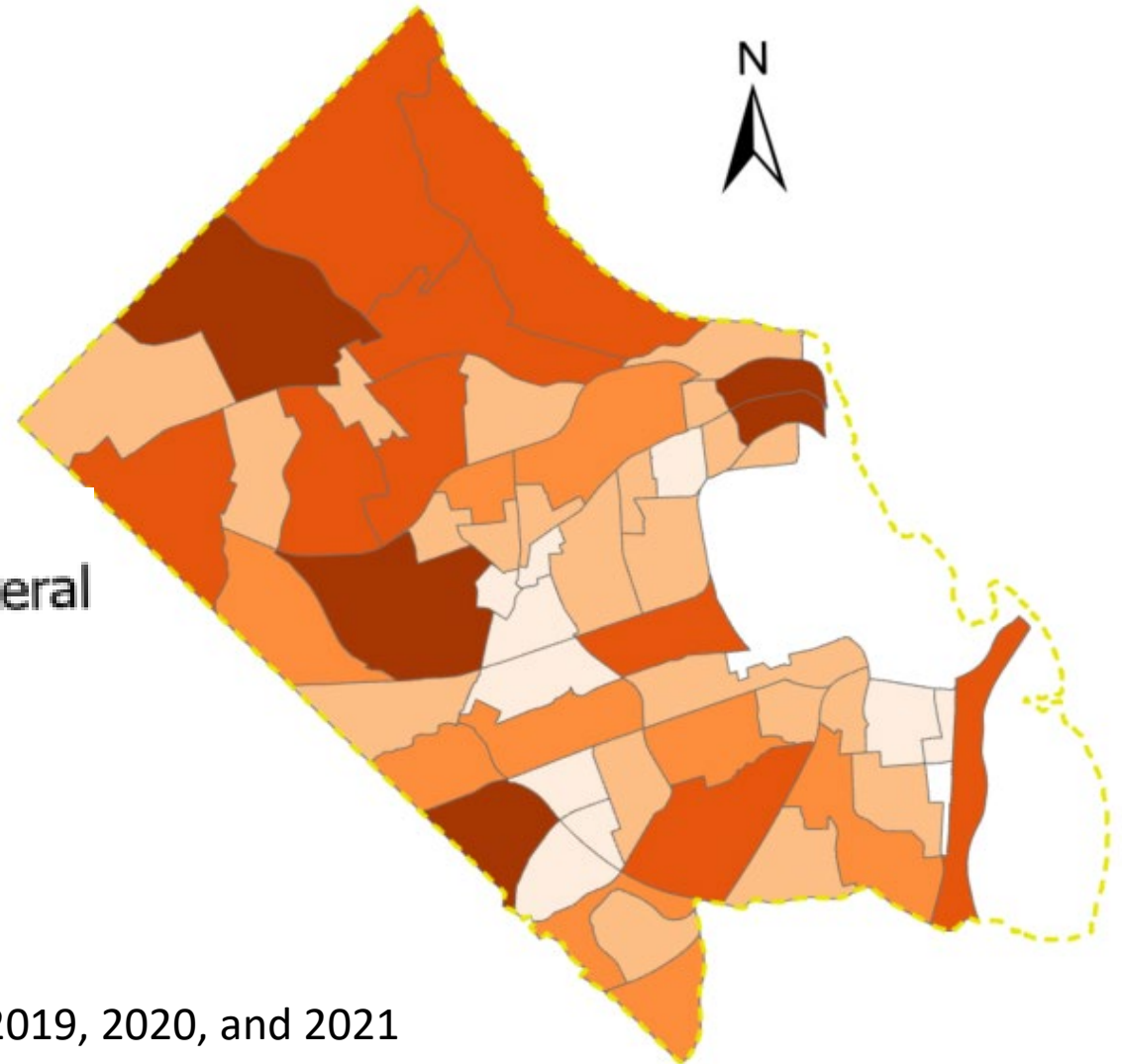
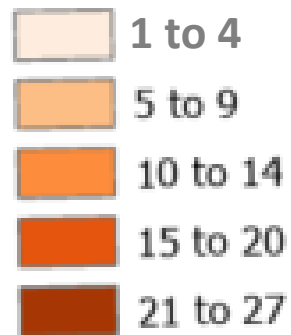
Source: Consumer Financial Protection Bureau, HMDA 2018, 2019, 2020, and 2021



# Collateral Denials

Collateral Denials result when a lenders appraisal does not support the purchase price

## Loan Denials due to Collateral



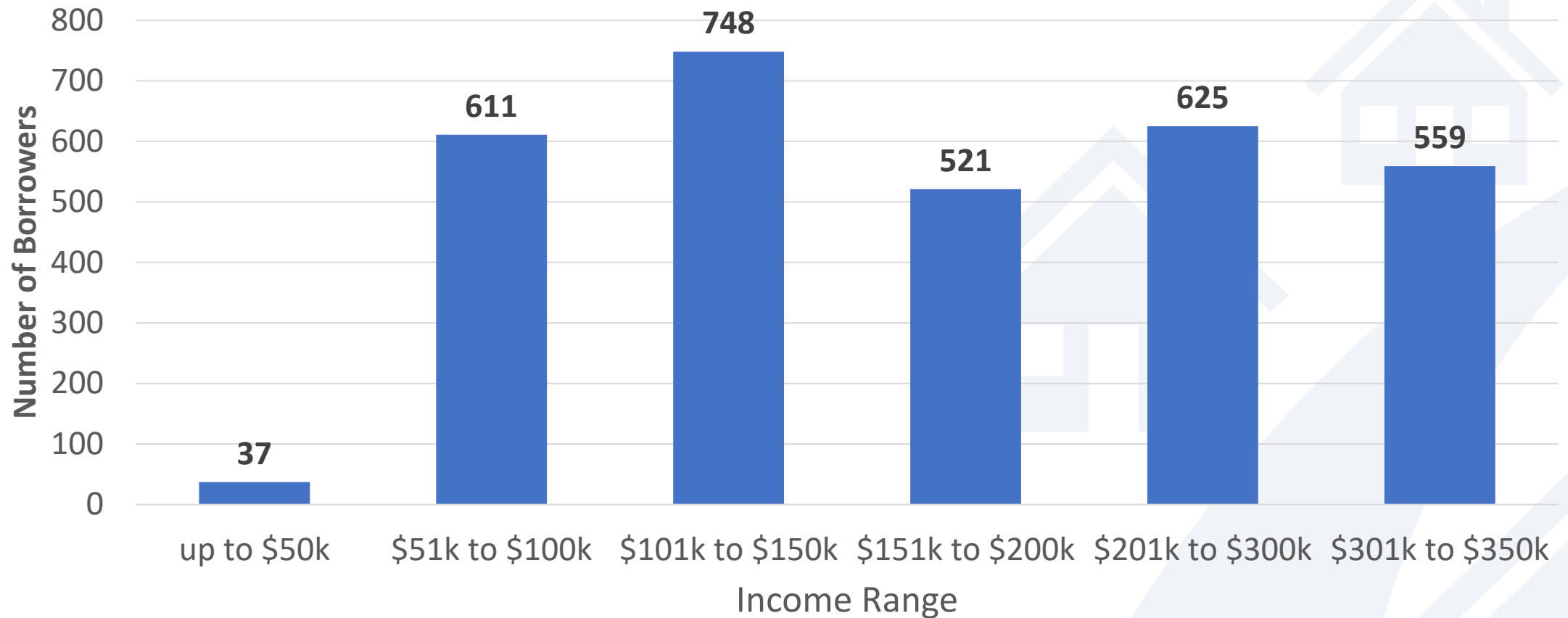
Source: Consumer Financial Protection Bureau, HMDA 2018, 2019, 2020, and 2021

# Loan Originations by Race/Ethnicity

Loans Originated in 2021 Where Race/Ethnicity is Known

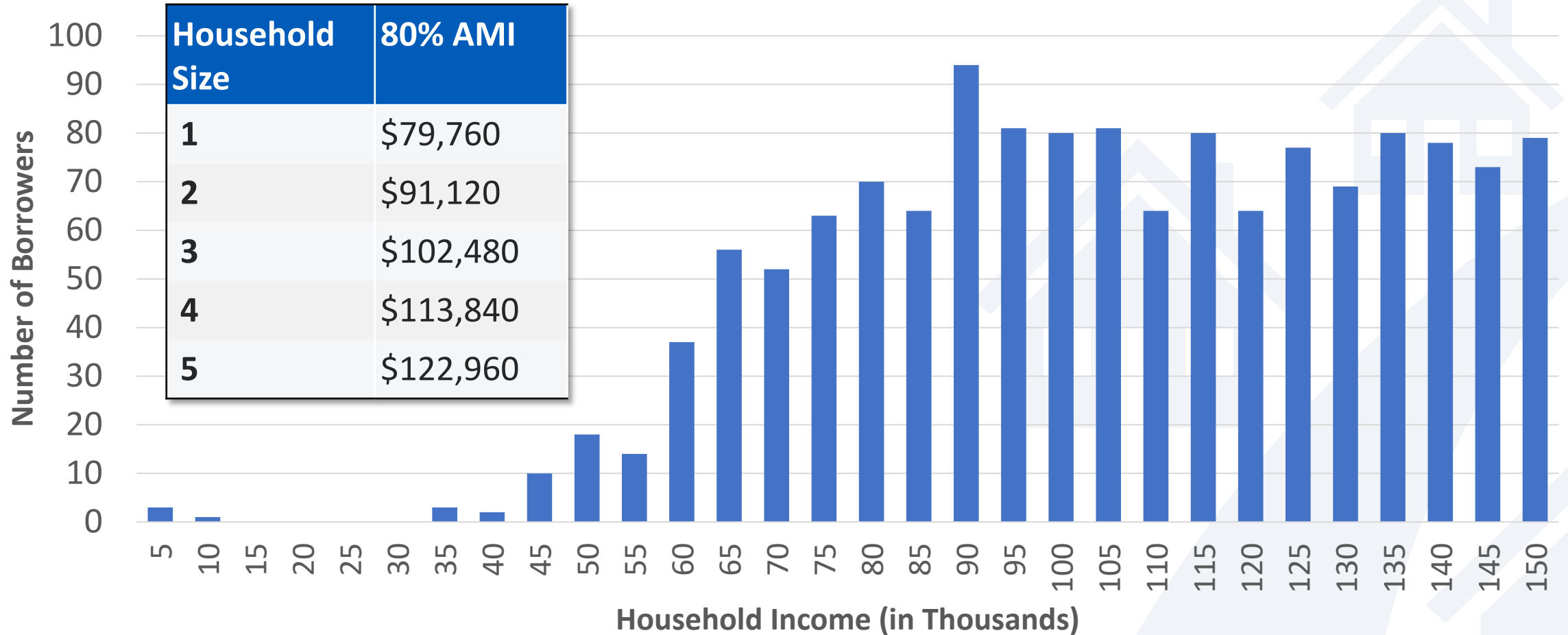
Race/Ethnicity of Applicant	Loans Originated	Share of Loans Originated	Share of Arlington Population	Share of Regional Population
Asian (not Hispanic)	313	13%	10%	11%
Black or African American (not Hispanic)	96	4%	9%	24%
Hispanic or Latino	160	7%	16%	17%
White (not Hispanic)	1797	76%	59%	43%

# Loans for Purchase of Principal Residence by Household Income - 2021



Source: Consumer Financial Protection Bureau, HMDA 2021

# Loans Originated by Household Income – 2021 up to \$150,000



Source: Consumer Financial Protection Bureau, HMDA 2021

# Principle Residence Purchase – Rate Spread

## 30-year Mortgages

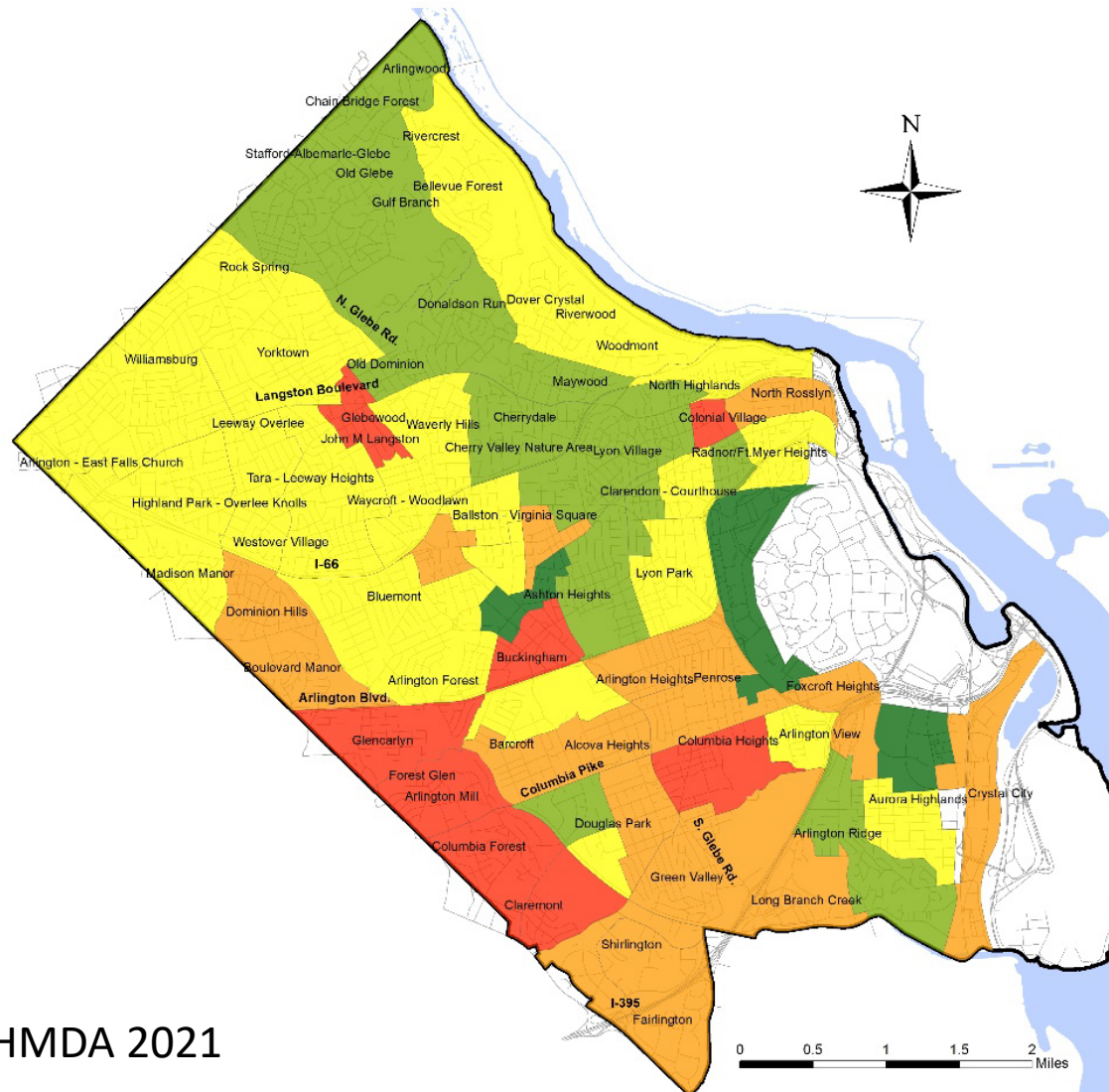
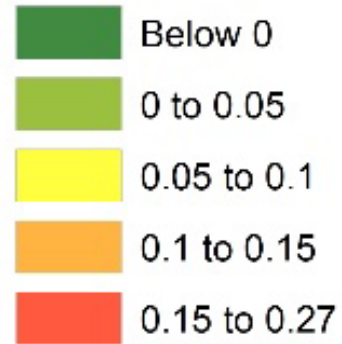
Race/Ethnicity of Borrower	Number of Loans	Share of Loans	Average Interest Rate	Rate Spread	Average Income
Asian	287	10%	2.88	0.01	\$187,000
Black or African American	92	3%	2.93	0.21	\$174,000
Hispanic or Latino	151	5%	2.93	0.11	\$148,000
Race Not Available	717	24%	2.94	0.06	\$229,000
White (not Hispanic)	1,728	58%	2.90	0.03	\$210,000
<b>All Loans</b>	<b>2,975</b>		<b>2.90</b>	<b>0.05</b>	<b>\$210,000</b>

Source: Consumer Financial Protection Bureau, HMDA 2021

# Rate Spread for Home Purchase Loans By Census Tract

## Legend

### Rate Spread



Source: Consumer Financial Protection Bureau, HMDA 2021



# 1936 FHA Map

## MAP OF THE METROPOLITAN DISTRICT OF WASHINGTON, D.C.

SHOWING APPROXIMATE LOCATION OF  
OUTSTANDING COMMITMENTS OF  
THE FEDERAL HOUSING ADMINISTRATION

AS OF DECEMBER 31, 1936

### LEGEND

OUTSTANDING  
COMMITMENTS



INSURED  
MORTGAGES

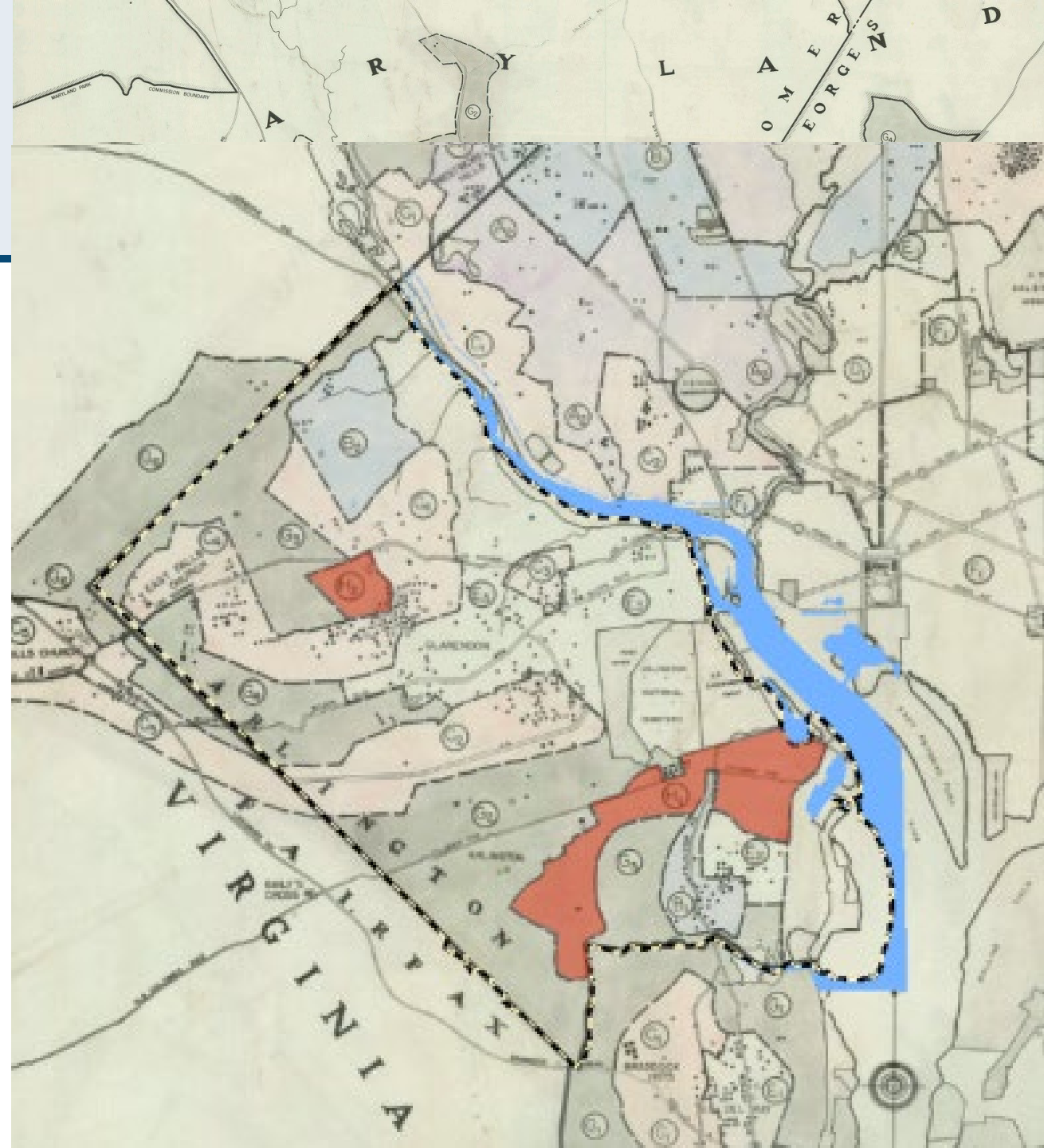


TYPE OF  
CONSTRUCTION

NEW CONSTRUCTION (UNDER  
CONSTRUCTION OR TO BE CONSTRUCTED)

EXISTING CONSTRUCTION (ALL OTHERS)

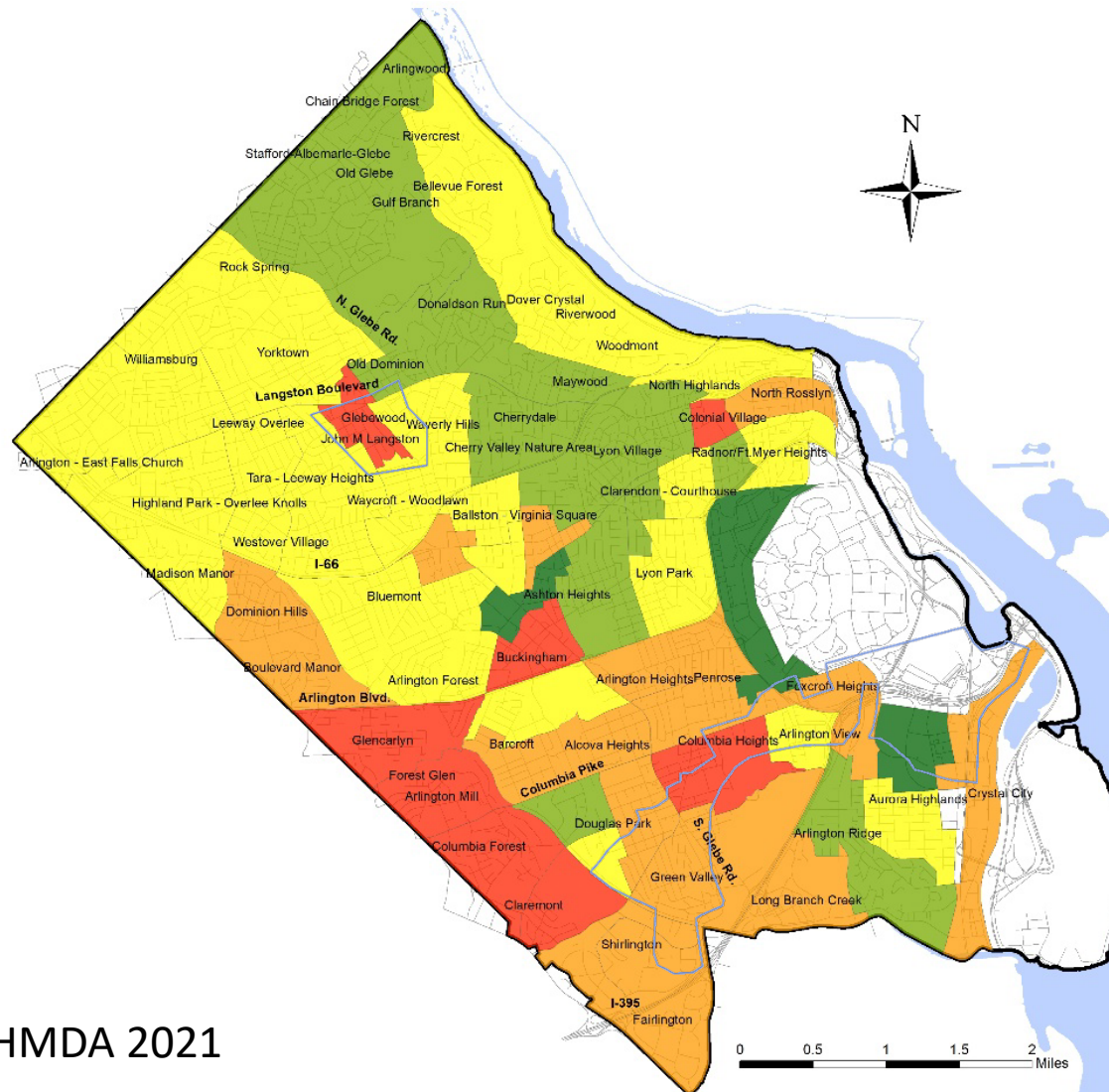
--- BOUNDARIES OF AREAS A,B,C ETC WHICH DESIGNATE  
TYPE OF RESIDENTIAL AREA AS DESCRIBED ELSEWHERE  
IN THIS REPORT



# Rate Spread for Home Purchase Loans By Census Tract

## Legend

### Rate Spread



Source: Consumer Financial Protection Bureau, HMDA 2021

# Refinancing – Denials and Originations

Race/Ethnicity of Applicant	Applications Reported	Applications Denied	Denial Rate	Loans Originated	Origination Rate	Share of Loans Originated*
Asian	728	63	8.7%	456	63%	9%
Black or African American	293	37	12.6%	172	59%	3%
Hispanic or Latino	496	70	14.1%	271	55%	5%
Race Not Available	3990	183	4.6%	1745	44%	*
White	5,866	347	5.9%	4,135	70%	82%
<b>All Applications</b>	<b>11,373</b>	<b>700</b>	<b>6.2%</b>	<b>6,779</b>	<b>60%</b>	

\*Where Race/Ethnicity is known

# Questions?

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# Discussion Questions



Based on the Barriers Analysis report, what stands out to you as the most problematic trends and barriers facing various sociodemographic groups looking to purchase a home?



# Discussion Questions



Which points from  
Barriers Analysis do you  
see as key to emphasize  
when presenting the  
information to the  
broader community?



# Discussion Questions



Are there particular groups (i.e. BIPOC community, low-income households, older adults, etc.) that should be prioritized or focused on when developing shared community vision, values and goals for the County's homeownership assistance programs?

# Next Steps

## Existing Homeownership Program Analysis

- Released in January 2023

## Next Subcommittee Meeting

### January 2023

- Existing Program Analysis, Communications and Engagement Plan and discussions about common trends and key findings.

## Future Subcommittee Meetings

### March-September 2023

- Community engagement progress, input on community vision and goals, homeownership program ideas and review of draft recommendations.