Housing – Home Ownership

PHOTOCOPY
PRESERVATION

Housing –

Homeownership

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Record Type: Record

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cc:

Subject: HUD's homeownership release

FYI - I'd mentioned at team leaders last week that we'd look into whether we could do anything with these numbers. Consensus among OMB and NEC (who usually has the lead on this issue) was that the increase was too small for us to highlight and just to let HUD do a release.

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Subject: HUD's homeownership release

homeownership2000.d

Here is HUD's press release embargoed until tomorrow regarding this quarter's high homeownership rates. The homeownership rates continue to be good news, although this increase over the last quarter is within the survey's margin of error, and therefore HUD's announcement of quarterly numbers on behalf of the Administration seemed appropriate. Notable highs include the highest overall homeownership rate, and the highest by both Black non-Hispanic owners and within central cities.

Also on Wednesday, HUD and the Treasury Department will be co-chairing the first of five forums across the country to address the explosive growth of predatory lending. Wednesday's hearing is in Atlanta, where Cuomo will release a study, "Unequal Burden in Atlanta: Income and Racial Disparities in Subprime Lending in America", that suggests that thousand of Atlanta homeowners are at risk of abuse from predatory lending.

Cliff

hud NEWS

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CUOMO SAYS AMERICA'S HOMEOWNERSHIP RATE HITS RECORD HIGH OF 67.1 PERCENT, WITH 70.7 MILLION FAMILIES OWNING THEIR HOMES

WASHINGTON – America's homeownership rate rose to a record high in the first quarter of 2000, with 67.1 percent of all families owning their homes, Housing and Urban Development Secretary Andrew Cuomo said today.

A total of 70.7 million American families owned homes in the first quarter – more than at any time in American history. There were 58.2 million white, 6.1 million African American, 4.3 million Hispanic, and 2.2 million Asian American, Native American and Pacific Islander homeowners . In all, 8.9 million more families owned homes in the first quarter of this year than when President Clinton took office in 1993, when the homeownership rate stood at 64 percent.

"cuomo quote"

Here are figures showing how the homeownership rate changed from the fourth quarter of 1999 to the first quarter of 2000, measuring the percentage of all households owning their homes and listing breakdowns by racial and ethnic groups, as well as location. The category of OTHER includes Asian Americans, Native Americans, and Pacific Islanders. **Rates that set new quarterly records are in bold and with astericks.**

	Fourth Quarter 1999	First Quarter 2000
NATION OVERALL	66.9%	**67.1% ***
WHITE (non-Hispanic)	73.3%	73.4%
BLACK (non-Hispanic)	47.3%	**47.8% ***
HISPANIC	45.5%	45.7%
OTHER (non-Hispanic)	54.6%	54.2%
CENTRAL CITIES	50.9%	**51.2% ***
SUBURBS	73.3%	73.8%
NORTHEAST	63.2%	63.3%
MIDWEST	72.5%	72.2%
SOUTH	69.1%	69.5%
WEST	60.6%	61.3%

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Studies have shown that homeowners accumulate wealth as the investment in their homes grows, enjoy better living conditions, are often more involved in their communities, and have children who tend on average to do better in school and are less likely to become involved with crime. Communities benefit from real estate taxes homeowners pay, and from stable neighborhoods homeowners create.

The new 67.1 percent homeownership rate tops the previous all-time quarterly record of 67.0 percent set in the third quarter of 1999. The first quarter covers January, February and March.

In addition, record quarterly homeownership rates were set in the first quarter of this year for minorities (48.0 percent), African Americans (47.8 percent), and for the central cities (51.2 percent).

Because of the continued strong growth rate among minority homeowners, a total of 40 percent of the net new homeowners since 1994 are minorities – even though minorities account for just 23 percent of the population.

While expanded access to credit form both prime and subprime lenders has contributed to the highest homeownership in the nation's history, there is growing evidence that some lenders are engaging in predatory lending practices -- including excessive front end fees and exorbitant pre-payment penalties—that make homeownership much more costly for black and poor families than for white and middle income families.

HUD and the Treasury Department will be co-chairing five forums across the country to address the explosive growth of predatory lending. The first of these forums is being held today in Atlanta, where Cuomo has released a study, "Unequal Burden in Atlanta: Income and Racial Disparities in Subprime Lending in America", that suggests that thousand of Atlanta homeowners are at risk of abuse from predatory lending.

In addition to Atlanta, HUD and Treasury will also be holding forums in New York, Los Angeles, Chicago and Baltimore.

HUD's crackdown on housing discrimination, which was ordered by the President, is also opening up new homeownership opportunities to minorities. HUD more than tripled its enforcement actions involving housing discrimination to a rate averaging 110 enforcement actions per month in the 1999 Fiscal Year, compared with an average of less than 30 per month during the Clinton Administration's first term.

HUD is also working to make more mortgage funds available to minorities, low- and moderate-income families, and city residents.

Last July , Cuomo announced a policy to require the nation's two largest housing finance companies to buy $2.4 trillion in mortgages over the next 10 years to provide affordable housing for about 28.1 million low- and moderate-income families. The historic action by HUD raised the required percentage of mortgage loans for low- and moderate-income families that finance companies Fannie Mae and Freddie Mac must buy from the current 42 percent of their total purchases to a new high of 50 percent in 2001. The percentage will first increase to 48 percent in 2000.

In addition, the Federal Housing Administration (FHA), which is part of HUD, insured nearly 1.3 million home mortgages in the 1999 Fiscal Year – many of them going to minorities and central city residents. FHA has insured more than 6.8 million home mortgages since 1993. Without FHA insurance, many families would be unable to get mortgages to become homeowners. On Jan. 1, 1999 FHA began insuring home mortgage loans of up to $115,200 in communities where housing costs are relatively low and up to $208,800 in communities where housing costs are high. This was the second increase in the loan limits since October 1998 – and will open up homeownership to more families in the years ahead.

On top of these initiatives, the Community Reinvestment Act – a federal law that requires lenders to make loans to all segments of the communities they serve – has resulted in more loans to people in low- and moderate-income neighborhoods since it was enacted in 1977. A significant portion of these funds has been used for mortgage lending that has boosted homeownership. Community groups estimate that lenders have pledged more than $1 trillion in CRA loans since 1977.

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