

# Women in Real Estate Conference



## Residential Housing Market

Where Is It Going?



PRESENTED BY  
**Nancy T. Scull, Esq.**

**November 9, 2011**

**LUCE FORWARD**



# Facts and Trends that might answer the questions on the Recovery



# Importance of FHA and FNMA

- FHA and FNMA Financing – Keeping the market **bumping** along.
- But what is the government commitment to these programs?

# FHA Single-Family Mortgage Insurance

## Key to the Market\*

2000	763,063
2001	730,106
2002	787,093
2003	602,452
2004	540,313
<b>2005</b>	<b>328,542</b>
<b>2006</b>	<b>293,257</b>
<b>2007</b>	<b>261,165</b>
2008	591,324
2009	995,103
<b>2010</b>	<b>1,109,161</b>
2011 (Oct-Jun)	566,438

\*U.S. Department of Housing and Urban Development Report-FY 2011 Q3

# Effect of Reduction in FHA Loan Limits

County	Previous FHA Loan Limit	FHA Limit as of 10/1/11	Difference
Alameda	729,750	625,500	(104,250)
Contra Costa	729,750	625,500	(104,250)
Fresno	381,250	281,750	(99,500)
Kern	368,750	271,050	(97,700)
Los Angeles	729,750	625,500	(104,250)
Orange	729,750	625,500	(104,250)
Riverside	500,000	355,350	(144,650)
Sacramento	580,000	474,950	(105,050)
San Bernardino	500,000	355,350	(144,650)
San Diego	697,500	546,250	(151,250)
San Francisco	729,750	625,500	(104,250)
Santa Barbara	729,750	625,500	(104,250)
Santa Clara	729,750	625,500	(104,250)
Ventura	729,750	598,000	(131,750)

# Will Congress Act?

- On Oct. 20, 2011, the Senate passed an amendment that would reinstate the higher loan limits through Dec. 31, 2013.
- This would raise the FHA and GSE loan limits back to 125% of local area median home price (from the current 115%) and raise the high cost cap to \$729,750 (from the current \$625,500).
- This amendment cleared the Senate with a vote of 60-38.
- The measure still faces tough opposition in the House.

# Watch the Trends: Buyers Can Re-enter the Market After Foreclosure and Short Sale

**“Graduating Class” of 2007-2008 can start to enter the Market now.**

## **FHA Loan**

- 3 year waits after foreclosure or short sale.
- Reduced wait if the borrower can show extenuating circumstances and re-establishes good credit.



## **Fannie Mae Loan**

- 2 year wait if the borrower puts 20 % down.
- 4 year wait if the borrower puts between 10% to 20% down.
- 7 year wait if the borrower puts less than 10% down.
- 7 year wait from the completed foreclosure sale date.



# Shortage of Housing by 2014 Projected

- Census projects U.S. will form about 1 Million households per year, Builders have been building about 600,000 new homes annually.
- 300,000 homes will be demolished each year, according to Goldman Sachs.
- This suggests it would take up to two years to absorb the excess.



# Millennials May Direct the Recovery

- Millennials make up almost one-third of the U.S. population.
  - Assume they graduate from college in 2010-2011 at age 22.
  - Rent for two to three years. (2012-2014)
  - They'll start hitting the home buying market in 2013, and by 2015 they are in the peak time for home buying.



# Urban Town Centers: Where People Want to Live

- Millennials want urban locations/urban town centers.
- Most likely to purchase home in next two years compared to any other age group.
- Value places with diversity, walkability, public transportation, proximity to jobs and FUN!
- Suburban development needs to evolve to attract Millennials.



# Women in Real Estate Conference



**SAN DIEGO  
SAN FRANCISCO  
LOS ANGELES  
ORANGE COUNTY  
CARMEL VALLEY / DEL MAR  
RANCHO SANTA FE**

**Thank you!**

---

**Luce Forward**  
[WWW.LUCE.COM](http://WWW.LUCE.COM)  
600 W. Broadway, Suite 2600  
San Diego, CA 92101

---

**Presenter**  
Nancy T. Scull, Esq.  
(619) 699-2457  
nscull@luce.com

101712103.4

**LUCE FORWARD**