

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672
1601 SCOMM 60: HOUSING FINANCE TASK FORCE, 1989

Portfolio Analysis
June 30, 1989

MANOKOTAK	\$68,200	\$64,261.19	02
MCGRATH	\$1,065,000	\$1,003,211.15	15
MEKORYUK	\$379,500	\$357,212.52	05
METLAKATLA	\$929,900	\$884,010.26	14
MEYERS CHUCK	\$25,000	\$22,533.22	01
NAKNEK	\$1,445,800	\$1,332,863.80	13
NEWHALEN	\$57,000	\$54,041.12	01
NOME	\$25,412,225	\$24,279,979.25	233
NORTH POLE	\$61,000	\$53,935.20	02
NUNAPITCHUK	\$70,000	\$68,465.58	01
PEDRO BAY	\$95,000	\$92,592.68	01
PELICAN	\$811,800	\$769,444.33	14
PETERSBURG	\$14,356,850	\$13,774,414.26	160
PORT ALEXANDER	\$101,150	\$96,164.38	03
PORT ARMSTRONG	\$25,000	\$24,109.16	01
PORT LIONS	\$66,500	\$64,774.22	02
RUBY	\$38,000	\$17,246.36	01
SAND POINT	\$870,500	\$840,491.90	04
SAVOONGA	\$65,200	\$62,711.18	02
SELAWIK	\$97,700	\$86,765.26	02
SELDOVIA	\$1,072,200	\$1,039,653.59	15
SHISHMAREF	\$99,262	\$97,111.44	01
SKAGWAY	\$712,200	\$700,948.92	13
SKWENTNA	\$60,000	\$57,824.95	01
ST MARYS	\$381,900	\$369,630.22	04
ST PAUL	\$23,750	\$17,475.89	01
STEBBINS	\$263,600	\$242,202.14	02
TANANA	\$124,750	\$120,248.91	03
TENAKEE SPRINGS	\$105,000	\$103,386.56	02
THORNE BAY	\$873,650	\$852,418.24	13
TOGIAC	\$29,900	\$28,585.79	01
TUTKA BAY	\$125,000	\$122,354.14	01
UNALAKLEET	\$945,300	\$900,850.16	07
UNALASKA	\$2,490,050	\$2,424,065.96	23
VOZNESENKA	\$59,500	\$57,586.01	01
WASILLA	\$28,500	\$27,728.25	01
WRANGELL	\$5,772,550	\$5,545,082.62	76
YAKUTAT	\$275,000	\$272,105.74	04
GRAND TOTALS	\$158,414,062	\$152,549,395.06	1540

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CHAPTER 7

DEFAULT AND

FORECLOSURE

COLLECTION

The Seller/Service's (S/S) personnel must be skilled in financial counseling and mortgage loan servicing techniques and be able to assist Borrowers in bringing their mortgages current. The purpose of the collection effort is to bring the mortgage current in the shortest period of time.

Collection Efforts

The collection effort is based on the S/S continuing knowledge of the Borrower's credit history, employment situation, individual circumstances, property and the extent of delinquency. The S/S uses notices, letters, telegrams, telephone, face-to-face contacts, Housing Assistance Division (HAD) staff as necessary, and other responsible collection techniques. Collection techniques should vary to fit individual circumstances and to avoid establishing a fixed routine, which may become ineffective for dealing with Borrowers who are repeatedly delinquent. For efficient servicing of a delinquent mortgage, the S/S relies heavily on personal contact, both by telephone and face-to-face contact with the Borrower. Form letters and notices generally are not as effective as personal contact and should not be used exclusively.

DELINQUENCIES

HAD expects the S/S to maintain delinquency rates on mortgages owned by HAD at a level below or comparable with other S/S. The following sections present servicing requirements for dealing with delinquencies on mortgage loans owned by HAD. The S/S is encouraged to employ its own collection procedures to best meet servicing requirements. Their procedures must be adequate and efficient for dealing promptly with delinquencies.

Suspensions

The Division will retain the right to suspend or rescind a loan service agreement if any remittance is more than 30 days late.

We may suspend a S/S right to add new mortgages to its HAD servicing portfolio - whether those mortgages represent new mortgages we have purchased or existing mortgages that would be transferred from another S/S. The suspension of new servicing

may apply to all types of mortgages or only to specific products, depending on the nature of the S/S performance deficiencies. Generally, we suspend new servicing only after we have attempted to improve the S/S performance without taking formal disciplinary action.

We will specify a time period for the suspension - the exact suspension period will relate to the seriousness of the deficiencies and the anticipated time it will take to correct them. In some cases, we may specify a definite date on which the suspension will end. In other cases, we may state that the suspension is for an indefinite period. We generally do that when we want the S/S to satisfy certain conditions - such as the hiring of additional staff or reducing a high delinquency ratio and maintaining it at an acceptable level for a certain number of months - before we remove the suspension. We will specify the performance areas that must be improved to avoid termination of the Contract. We will remove this sanction if the S/S accomplishes the expected improvement before the suspension period ends.

We may terminate the S/S Contract for cause if the required improvement in their performance was not achieved during the period when the acquisition of new servicing was suspended. We also may terminate immediately a S/S - whether or not they had been placed under a formal sanction - if we determine that any action they have taken (or failed to take) will cause HAD immediate and irreparable harm.

We may also terminate a S/S Contract for cause if the S/S breaches any of the provisions of the Contract, including, among other things, the S/S failure to follow the requirements of the Guides, to meet our net worth and other financial requirements, or to meet any of the other eligibility requirements specified in the Contract.

Early Procedures

The following is required of the S/S who is servicing a delinquent loan during the first 45 days of delinquency. Loan payments are due on the first day of the month and are considered to be delinquent if received after the first.

- A. Identification of a delinquent loan will be made by the 16th day of delinquency of the first month.
- B. A late notice will be mailed no later than the 18th day of delinquency.
- C. Approximately 5 days following the mailing of the late notice, attempts to contact the Borrower by telephone should commence. If no contact is made, HAD may attempt to contact the Borrower using regional staff to bring the account current.

- D. If, by approximately the 45th day of delinquency, satisfactory arrangements to bring the account current have not been made, a face-to-face interview with the Borrower will be conducted by the S/S. If no contact is made, HAD may attempt a face-to-face interview using regional staff.

The lender also may initiate a request for HAD's regional staff to contact the Borrower to bring the account current.

- E. By the 15th of each month HAD will furnish the S/S a monthly report of loans delinquent 45 days or more. This report will be used as a guide to furnish HAD the information necessary to assist in the collection effort of each delinquent loan. Each S/S will provide HAD the detailed information on DCRA/HAD Form 79 prior to the 60th day of delinquency, thereby giving HAD the opportunity to offer the S/S assistance in the collection efforts or recommend that foreclosure proceedings begin.
- F. After 45 days of delinquency if the S/S has not been successful in bringing the delinquent loan current, the S/S will furnish HAD a detailed written explanation, on separate forms, of the specific collection efforts made during that 45 day delinquency period. Include all written correspondence between the S/S and Borrower, for each delinquent loan, on a separate form. Attachments will also include inspection reports, documentation of all verbal conversation between the Borrower and S/S, along with a recommendation regarding the action the S/S proposes to pursue in liquidating the delinquency.
- G. The S/S will pursue all other options before recommending foreclosure.
1. Repayment plans;
 2. Liquidation Plan;
 3. Forbearance Agreements;
 4. Modification;
 5. Home-Ownership Assistance Fund (Chapter 8);
 6. Waiver of Occupancy;
 7. Assignment of Rents.

- H. HAD has several types of special relief provisions to help mortgagors who are delinquent. The S/S must be familiar with the terms of each of these provisions. The S/S should also be aware of any other government programs that might assist mortgagors in resolving their delinquencies, or of any counseling agencies that might help mortgagors in their debt management.

The S/S should use HAD's relief provisions whenever appropriate. HAD does not want to liquidate a mortgage if there is any possibility of saving it. However, HAD does not expect the S/S to grant relief unless it will result in bringing the mortgage current and maintaining it.

If a satisfactory response is not obtained, the S/S will continue to follow up with regular notices, letters, telephone contact, face-to-face interviews, etc., until the mortgage has been brought current or the S/S determines that a recommendation for foreclosure, deed in lieu of foreclosure, or other action is appropriate. After 45 days if the lender is unsuccessful in reaching the Borrower or reinstating the loan the S/S must:

1. Declare the loan in default;
2. Notify HAD's Anchorage office of the default;
3. Schedule one or more joint counseling sessions with the Borrower and HAD's regional office;
4. Attempt to reinstate the loan through payment revision or other method acceptable to all parties;
5. Report to HAD every month on the status of a delinquency loan or be subject to penalty assessments.

Delinquencies Exceeding 45 Days

By this time, the S/S should have had at least one face-to-face interview with the Borrower to establish the reason for the delinquency and the length of time necessary to cure default. In all cases the S/S will recommend an option plan by the 90th day of delinquency and request HAD approval.

Repairs and Maintenance

When an inspection discloses any condition detrimental to the property's value or the need for urgent repairs, the S/S should remind the mortgagor of his or her obligation to maintain the property and take one of the following actions:

- A. If the mortgagor agrees to arrange for the necessary repairs, the S/S should follow up until assured that the repairs have been completed.
- B. If the mortgagor refuses to make the necessary repairs and they are of an emergency nature, the S/S must advance the funds necessary to pay for the repairs. However, the S/S should arrange for the mortgagor to repay this advance, either in installments or as part of the full amount required to reinstate the mortgage. If the mortgagor refuses to make arrangements to repay the advance, the S/S may apply the monthly payment against the advance if the mortgage terms and local law allow it to do so. If the mortgage is subsequently foreclosed and the mortgagor has not repaid the advance, HAD will reimburse the S/S for its share of the advance when the claim is settled. All repairs must have prior written approval from HAD for any expenses which exceed \$500.00.

When an inspection reveals that the property is vacant and may have been abandoned, the S/S should try to locate the mortgagor to determine the reason for the vacancy. It must also make immediate arrangements to protect the property from vandalism and the elements to the extent that local laws allow it to take such action. The S/S should also contact any junior lienholders to determine their intentions.

The S/S shall take appropriate action during the foreclosure process to protect the mortgage and premises. The S/S must obtain HAD's written approval prior to any expenditure to protect the property in excess of \$500.00. In any situation where delaying protective action might result in impairment of the mortgaged premises, S/S shall obtain verbal approval. HAD will send a confirmation of the cost and nature of the protective action approved. An example of protective action would be the continuation of the utilities to prevent serious damage to the vacated structure during adverse temperatures.

PROPERTY INSPECTIONS

The mortgaged premises must be inspected prior to the 60th day of delinquency. The Division may accompany the S/S when the inspection to the property is made. The S/S must insure that

the properties securing HAD's mortgages are being properly maintained. This is accomplished by inspecting each property regularly (every 30 days). Whenever possible, the inspection should include observation of the property's interior. A Property Inspection Report (DCRA/HAD Form 54) should be used to document the inspection. The S/S may use its own form if it provides equivalent information.

The S/S must inspect the property before the 60th day of delinquency. After the initial inspection and until the mortgage is referred for foreclosure, the S/S should schedule property inspections for delinquent mortgages as often as it considers necessary to protect the interests of the HAD. Particular attention should be paid to properties located in areas that have a high rate of vandalism and neglect.

Ordinarily, the S/S does not need to inspect the property as long as the mortgage is current. However, if the S/S believes that the property value may be in jeopardy for any reason, they should inspect the property immediately.

The S/S should inspect the property before it places the mortgage under a relief provision, and then reinspect it as often as necessary to protect the Division's interests, but at least once each month. If the mortgage becomes delinquent under the repayment plan or there appears to be a potential for abandonment or vandalism, the S/S should inspect the property more often.

Once the mortgage has been referred for foreclosure, the S/S must inspect the exterior property (and interior, if vacant) at least every 30 days, and more often if the property is vacant or is located in an area with a high rate of vandalism. If the inspection immediately preceding the foreclosure sale reveals that the property has been damaged, the S/S must determine if the sale should be postponed to allow time for resolving any claim with the hazard insurance carrier.

Prior to HAD acquiring certain properties, the S/S must forward a comprehensive Property Inspection Report (DCRA/HAD Form 54). The report should be submitted to the Anchorage HAD office 30 days before the foreclosure sale, or the anticipated date of a deed in lieu of foreclosure.

Inspection Reports

The inspection report should provide the following information:

- A. Occupancy data, if the property is occupied by a tenant, include the term of the lease and the amount of the rental income, date of assignment of rents, and copy of eviction notices of nonpaying tenants;

- B. The condition of the property, including the estimated cost of any repairs that are needed to make it marketable;
- C. Current photographs of the property and the neighborhood;
- D. An assessment of the possibility of vandalism, with recommendations and estimated costs for protecting the property;
- E. An estimate of the market value of the property;
- F. Factual data regarding market trends in the neighborhood;
- G. Names, addresses and telephone numbers of brokers, contractors, potential buyers and others who could assist in either the rehabilitation of the property or its sale;
- H. Maps showing roads and location of property.

Within 15 days after the property is acquired, the S/S should reinspect the property and prepare an updated Property Inspection Report for inclusion in the property file and secure the property, including, but not limited to, winterization, new locks and removing portable property for safekeeping. Copies of the new keys must be sent to the Anchorage HAD office. Until the property is disposed of, the S/S must continue to inspect the property every 30 days.

The S/S must take all reasonable action to prevent liens from being attached against the property that would be superior to the HAD mortgage lien. The S/S must notify HAD immediately when it becomes aware that such a lien has been attached, (example: City or Borough Tax liens are superior to the 1st Deed of Trust.)

The S/S must give HAD immediate notice of any legal or financial action such as bankruptcy, condemnation, probate proceedings, tax sale, partition, divorce, etc., which affects the property or the mortgagor's ability to repay the debt. From time to time, the regional offices may issue special instructions detailing the S/S responsibilities in routine litigation cases.

ASSIGNMENT OF RENTS

If upon inspection the S/S discovers the property is tenant occupied, the S/S must immediately serve the Borrower and tenant(s) with a notice of Assignment of Rents and proceed to collect said rents by the following month.

Unless HAD directs otherwise, the S/S of a delinquent mortgage secured by property that is being rented should try to collect the rental income to apply toward the delinquency if:

- A. other arrangements to repay the delinquency cannot be made;
- B. the mortgage provides for an assignment of rents;
- C. local law allows the mortgagee to collect rents under these circumstances; and,
- D. this action will not create any new rights for the occupant that might impair HAD's ability to foreclose on the mortgage at a later date.

Any rental income that is collected on a delinquent mortgage should be applied first to outstanding advances and reimbursable expenses, then to scheduled monthly interest and principal payments, and/or as prescribed by the deed of trust.

ABANDONMENT

Abandonment has occurred when the S/S has "reason to know" from "all facts and circumstances concerning the status of the property" that the mortgagor intended to or has permanently discarded the property from use. The property will be considered abandoned if, after notice by S/S to Borrower, there has been no response from Borrower. The Borrower must also be in default - neglect is a default of the deed of trust. Two or more of the following examples might reflect abandonment.

- A. The utilities were turned off due to nonpayment of bills.
- B. The property condition indicates deferred maintenance, for example, the yard has not been mowed; the driveway snowplowed or shoveled; garbage has been strewn about the premises, etc.
- C. The premises have been vacant for 30 days or more without notice having been sent to the S/S.
- D. The Borrower transferred or sold part or all of the property without written consent.
- E. The Borrower is not occupying the home as required on owner occupied loans.
- F. Personal property has been removed from the premises.

- G. The S/S has notified the Borrower of his default and 30 days have passed without a response from the Borrower.
- H. The property houses tenants that do not pay rent. (However, the S/S should try to collect the rents from the tenants if this is the case and an assignment has been served).

If at any time a S/S discovers that a mortgaged property is abandoned, the S/S will notify HAD immediately. In all cases, the S/S will attempt to locate Borrower(s) and ascertain the reason for abandonment and pursue other options prior to initiating foreclosure and/or deed in lieu of foreclosure. The S/S must take all actions necessary to protect the mortgaged property from deterioration, damage, and vandalism. The S/S will immediately rekey, change the locks, and provide two sets of keys to HAD, along with detailed maps and photographs.

Abandonment of Secured Property Report

Information that must be reported includes:

- A. the date the S/S acquired knowledge of the abandonment;
- B. the date of last inspection;
- C. the amount of the outstanding debt;
- D. the amount of the default;
- E. a description of the property;
- F. paid-to-date;
- G. the fair market value of the property at the time of abandonment;
- H. condition of property narrative;
- I. bids or approximate cost to repair, (if needed);
- J. keys - proof of winterization, notice of insurance transfer.

Winterization of Vacant or Abandoned Property

Winterizing will be the responsibility of the S/S. If the property has not been winterized and damage occurs the S/S will be held responsible. Winterizing includes draining the fresh water supply lines and toilets. If the house is heated by a hot water system, antifreeze should be put in the heating system. Use a non-toxic antifreeze such as propylene glycol.

If the S/S and HAD agree to turn off the heat during the winter months, the septic and well lines should also be winterized.

Insurance Notices

The hazard insurance carrier should also be notified of the vacancy to assure that appropriate insurance coverage is being maintained.

The S/S will provide the HAD with verification that insurance company has been notified of vacancy and that there is adequate insurance in place to protect HAD interest.

Portable Generator

If a structure is abandoned or foreclosed and uses a portable generator as a power source, the S/S will remove and store the unit. When the property is sold the unit shall be reinstalled.

FORBEARANCE AND LIQUIDATING PLANS

The S/S is granted broad discretion in extending appropriate relief to Borrowers who encounter hardships and who are cooperative and have a proper regard for their obligations. No relief should be granted unless there is a reasonable expectation that the relief granted will result in bringing the mortgage current and maintaining it in that status. Prior to granting relief, the S/S will inspect the mortgaged premises and ascertain that the reason for the default and the attitude and circumstances of the Borrower justify the relief action contemplated. The S/S is responsible for collection from the Borrower of any recording or similar costs incidental to the granting of relief.

Repayment Plans

When the S/S receives a payment that does not include required late charges, the S/S may defer late charges to a future date.

The S/S will accept partial payments, and hold it as "unapplied funds" until there are sufficient funds to apply to the mortgage payment, unless otherwise directed by the Division.

If the delinquent mortgage is secured by property that has rental income, an assignment of rents must be in place until the delinquency is cured, unless HAD directs otherwise.

Early in the delinquency, the S/S should contact the mortgagor to determine his or her attitude toward the delinquency. If the S/S believes that the mortgagor should be granted relief, it should:

- A. Explain our relief provisions and the mortgagor's responsibilities under each;
- B. Obtain any financial information that will be needed to develop the repayment plan; and,
- C. Stress the consequences of not meeting the terms of the repayment plan and make sure that the mortgagor has a complete understanding of the agreement he/she is about to enter.

The S/S should analyze each case carefully before developing a repayment plan. A face-to-face interview with the mortgagor should be scheduled before a formal relief plan is executed. However, if the S/S believes that the mortgagor fully understands the proposed repayment terms and that nothing will be gained by a face-to-face meeting, it does not need to schedule one. The S/S must document the individual mortgage file regarding this decision not to have a face-to-face meeting.

When establishing repayment terms, the S/S should consider the mortgagor's financial condition to make sure that the repayment plan finally agreed to is realistic. The S/S may not jeopardize our lien position or reduce the amount of any future claim.

Temporary Indulgence

Temporary indulgence may be granted only under special circumstances when the S/S determines that the mortgagor will be financially able to bring the account current by paying the delinquent installments within 60 days. Temporary indulgence may be appropriate when:

- A. A sale or rental of the property is pending;
- B. An insurance settlement is being negotiated;
- C. Assistance from a social agency has been arranged, but funds have not been received;
- D. Additional time is needed to formalize a repayment plan under our other relief provisions; or,
- E. The mortgage payments were lost in transit and need to be traced.

Liquidation Plan (Repayment Plan, Workout Agreements)

Under a liquidation plan, the mortgagor must immediately make payments in addition to regular monthly payments, to cure the delinquency. If appropriate, the S/S is authorized to enter

into a liquidating plan to repay the total delinquency within the shortest time possible. Liquidation of the delinquency should not exceed six months from the date of execution of the plan without HAD's approval. If the S/S wishes to enter into a liquidating plan in which the payment period exceeds six months, it must obtain HAD's prior approval and the plan must be set forth in writing and signed by the S/S and the Borrower. When the delinquency involves three monthly payments or less, formal written agreements are required by HAD. In this case, the S/S does not need prior approval. However, each written agreement should clearly set out the amount and due date of each additional payment and the date by which the total delinquency must be cured.

Liquidating plans may require a schedule of payments, as follows:

- A. Monthly payments that are multiples of the regular installment;
- B. Regular payments one month and multiple payments the next;
- C. Payments to be made more often than monthly; or,
- D. Any other variation in the timing or amount of the payment that will cure the delinquency in the shortest possible time.

"Forbearances"

A forbearance agreement is a written agreement to reduce or suspend regular mortgage payments for a stated period. At the conclusion of the forbearance relief period, regular mortgage payments must be resumed and satisfactory arrangements made to repay the amount suspended. After approval of the terms by HAD and any others required, the S/S shall prepare the agreement, have it executed by all parties, and forward original of the completed agreement to HAD for execution.

This agreement shall emphasize to the Borrower all the terms of the agreement so that the Borrower understands his/her obligation, especially in regard to repayment of the suspended amount.

If the Borrower fails to satisfy the terms of the forbearance agreement, the S/S shall immediately contact the Borrower and reevaluate the situation. The S/S will send HAD a comprehensive report within 30 days with a new plan of action to cure the delinquency.

Special Forbearance

The S/S may agree on behalf of HAD to reduce or suspend the mortgagor's monthly payments for a specified period. After a satisfactory repayment schedule is established, written approval by HAD is necessary to put the schedule into effect. The mortgagor must agree to resume his or her regular monthly payments and pay additional money toward the delinquency at scheduled intervals.

Special forbearance should be considered when the default is the result of:

- A. The mortgagor's death or the death of a family member who made a significant contribution toward the monthly payment;
- B. Illness or some natural disaster that the mortgagor could not prevent; or,
- C. Some other unusual circumstances that are well documented.

The S/S must submit the following applicable items when requesting forbearance:

- A. Inspection reports on all units;
- B. Copies of all rental agreements;
- C. Copy of earnest money agreement on the property to be sold;
- D. Copy of the plat;
- E. Current title report;
- F. Financial statement of buyer;
- G. Financial statement of Borrower and co-Borrower;
- H. Any other documentation that you feel is pertinent to this matter.

The S/S shall obtain the necessary approval from HAD prior to executing a forbearance agreement.

Modification

There may be times when the only way to provide relief to a deserving mortgagor is to change some of the terms of the mortgage. A S/S might consider modification of the mortgage to cure a delinquency if:

- A. A mortgagor whose income has been affected permanently by an accident or illness or by the death of the principal wage earner in the family;

- B. A mortgagor whose income was reduced or eliminated altogether for a temporary period and whose current income is still too low to keep the mortgage current on an on-going basis;
- C. If the S/S feels that changing the terms of the mortgage would not only cure the present delinquency but also prevent future delinquencies;
- D. If the mortgagor can continue his current payment but is unable to catch up to his default.

Prior approval is required by HAD for any modification changes to a mortgage.

We must be very careful we do not violate statutes, regulations, or truth-in-lending disclosure procedures.

Waiver of Occupancy

HAD requires continued owner occupancy by the mortgagor on HAD loans. HAD will, however, consider waivers of owner-occupancy due to a hardship placed on the mortgagor. There are three types of waiver requests that may be submitted: Permanent Relocations, Long-Term Temporary Relocation and Short-Term Temporary Relocations.

A waiver is restricted to a term of:

- A. six months for Permanent Relocations;
- B. nine months for Long-Term Relocations; or,
- C. less than six months for Short-Term Temporary Locations.

However, the Director may extend the time frame when it is in the best interest of HAD or Borrower to do so.

A waiver by HAD shall not be a waiver of any other rights and remedies under the terms of the mortgage documents. HAD may accelerate the mortgage upon termination of the waiver or upon the Borrower's failure to comply with the terms and conditions set forth in the waiver.

- A. Permanent Relocations. The following must be provided:
 - 1. Application for Waiver of Occupancy/Rental (HAD Form 52);
 - 2. Waiver of Occupancy Affidavit (HAD Form 53);
 - 3. Verification of permanent employment outside of the residence area;

4. Copy of a current listing agreement to sell the property. The listing agreement and extensions, if any, must run for the period of the request;
5. Copy of a current appraisal (no more than six months old) or letter of opinion from an appraiser to substantiate the sales price;
6. Any other documentation which may assist HAD in determining if a hardship exists and the term of waiver, if any, to be granted.

A request exceeding nine months will not be considered.

B. Long-Term Temporary Relocations. The following documentation must be provided:

1. Application for Waiver of Occupancy/Rental (HAD Form 52);
2. Waiver of Occupancy Affidavit (HAD Form 53);
3. Verification of the need to temporarily vacate the property, i.e., medical reports; school registration; approved leave of absence from work for education purposes or sabbaticals; documentation of family emergency; documentation of temporary employment assignment outside of the residence areas, etc.;
4. Any other documentation which may assist HAD in determining if a hardship exists and the term of waiver, if any, to be granted.

A request exceeding nine months will not be considered.

C. Short-Term Temporary Relocations. The following documentation must be provided:

1. Application for Waiver of Occupancy/Rental (HAD Form 52);
2. Waiver of Occupancy Affidavit (HAD Form 53);
3. An explanation from the applicant of the reason for temporarily vacating the property.

D. Status of Occupancy.

1. If the property is to remain vacant during the period of time in which the mortgagor will be out of the area, a report of how the property will be maintained during the mortgagor's absence must be submitted. The report must address protection against vandalism, winter freeze-up, etc. Verification of adequate hazard insurance for vacant property must also be provided.
2. If the property is to be rented during the period of time in which the mortgagor will be out of the area, a rental agreement must be provided. The term of the rental agreement cannot exceed the term of the HAD waiver or acknowledgment.

E. Extensions. Upon expiration of the waiver period granted by HAD, the mortgagor must either cure the default (i.e., reoccupy the property, refinance the residence or pay off the loan) or request another waiver. In evaluating the additional waiver request, HAD will consider the following:

1. Permanent Relocations. In addition to the application, the following documentation must be provided:
 - a. Evidence that the property was listed throughout the period of the prior waiver request and a current listing agreement.
 - b. If the property is rented, a statement from the listing agent attesting to the cooperativeness of the tenant and the condition of the property.
 - c. Evidence that the mortgagor has made a sincere effort to market the property.
 - d. A payment history from the S/S on the mortgage loan during the initial waiver period.
 - e. An affidavit from the Borrower(s) stating their intent to continue to exercise a good faith effort to cure the default.

2. Long-Term and Short-Term Temporary Relocations. Unless the mortgagor(s) has reoccupied the residence after the initial waiver request and is now requesting a second waiver instead of an extension, the waiver will not normally be granted.

a. When the Borrower has reoccupied the property and is now requesting a second waiver, the documentation required is the same as if it were an initial request.

b. In addition to the application, when the Borrower requests an extension of the initial waiver period, the following documentation is required:

- An explanation from the applicant of the reason for the extension.
- A payment history from the S/S on the mortgage loan during the initial waiver period.
- Any other documentation which may support the mortgagor(s) reason for the extension.

Deed in Lieu of Foreclosure

If the Borrower offers or is willing to execute a voluntary deed in lieu of foreclosure, the S/S shall recommend acceptance to HAD when:

- A. The S/S has complied with Chapter 7 of HAD guidelines;
- B. The S/S receives a written request from the Borrower;
- C. Such action is in the State of Alaska's best interest;
- D. A current financial statement on the Borrower reveals a hardship;
- E. Marketable title free from any liens will be obtained. A title search, preferably paid by the Borrower, must be obtained;

- F. The S/S has received HAD's prior approval of attorney fees and other related costs;
- G. The market value of the property is sufficient to liquidate the debt - broker opinion or current appraisal, with HAD approval;
- H. Interior/exterior pictures are submitted to HAD;
- I. A narrative from the S/S as to why the other options are not acceptable.

A deed in lieu is normally preferred to foreclosure. Upon receipt of HAD's written approval, any documents necessary to process the deed in lieu of foreclosure shall be prepared by the S/S counsel, subject to HAD's approval of attorney fees. The S/S must arrange for conveyance in a timely manner. At time of conveyance, the S/S shall obtain a policy of title insurance at binder rates from a title insurance company qualified to do business in Alaska. The policy shall show a marketable title, free from any liens.

If a deed in lieu is acceptable to all parties it will remain the responsibility of the S/S to insure that title to the property will remain clear of any liens during that period of accepting the deed from the Borrower and recording of the deed.

Deed in Lieu of Foreclosure with Deficiency Summary Judgment

The S/S will automatically pursue deficiency judgements in any instance; therefore, the S/S may submit to the Anchorage office a recommendation that we pursue a deficiency judgement on a particular case. Before making its recommendation, the S/S should consider the following:

- A. any local laws that restrict deficiency judgements;
- B. the costs of pursuing the judgement in relation to the amount of the deficiency and the potential for delays in the foreclosure process;
- C. the probability of a favorable judgement;
- D. the collectibility of the judgement in view of the mortgagor's assets or lack thereof; and,
- E. the overall impact on HAD (S/S recommendation to HAD).

Foreclosures

The S/S inspection of the property can be an important factor in deciding whether to start foreclosure proceedings. When the property inspection shows that the market value of the property is sufficient to liquidate the debt, the S/S should recommend the deed in lieu of foreclosure action or institute foreclosure action. When the property inspection shows a significant decrease in the market value of the property, the S/S will notify HAD, in writing, of the potential loss and recommend foreclosure immediately before a greater loss occurs. When reasonable efforts have been made to cure the delinquency and the S/S determines that no other course of action will cure the default, a written recommendation that foreclosure action be initiated will be provided to HAD. The recommendation should include:

- A. Servicing history of the loan in default (include a narrative as to other options the S/S pursued);
- B. The amount of funds necessary to cure the default;
- C. The balance in the reserve account;
- D. The name of the attorney the S/S is proposing to use and the estimated fees and costs. (Attorneys experienced in foreclosures are preferred.); and,
- E. A current photo and a copy of the most recent property inspection.

Seller/Service Responsibility

A narrative report will be prepared by the S/S with the narrative to include:

- A. Any adverse conditions affecting the marketability of the property and the costs to remedy;
- B. Information on the current occupants (if any) of the property;
- C. Information on whether the property has been secured and how; and,
- D. Any other information of which HAD should be aware.

The S/S is requested to:

- A. Inspect all units to determine number of units rented and if all units are 100% finished;

- B. Serve Borrower and tenants notification of assignment of rents;
- C. Obtain an assets verification on the Borrower;
- D. Make personal contact with the Borrower;
- E. Verify Borrower's employment and, if possible, check income with employer;
- F. Order a credit report;
- G. Check with Borrower's creditors to see if he is current with them.

All approved fees connected with the foreclosure are to be paid by the S/S and will be reimbursed by HAD after completion of the foreclosure. If the foreclosure is contested or lengthy bankruptcy proceedings are involved, the S/S may request in writing that HAD reimburse large out-of-pocket expenses such as attorney fees, taxes, and insurance payments. In the event the foreclosure proceedings are discontinued, all fees and costs incurred are to be collected from Borrower. All uncollected fees and costs are to be absorbed by the S/S.

Attorney Fees

The S/S must select an experienced foreclosure attorney or law firm to handle liquidation transactions for HAD.

We periodically publish the maximum attorney fees that we will pay for routine foreclosure cases. Fees higher than those amounts may be appropriate, but they must be approved by the Anchorage office in advance. The attorney's billing should clearly demonstrate the need for any additional fee.

In cases in which the mortgage gets reinstated, the fee should be reasonable and related to the amount of work actually performed by the attorney. It should bear some proportional relationship to the fee that would have been allowed for a completed liquidation.

Although we will reimburse S/S for our share of attorney fees when a liquidation action is completed, we will not reimburse attorney fees if the mortgage is reinstated. Those fees must be collected from the mortgagor as a condition of the reinstatement. However, attorney fees may have to be waived for some bankruptcy cases or in other situations that the HAD specifies. When that happens, we will reimburse the S/S for our share of the attorney fees.

Documents Required

Copies of all legal documents, correspondence with the Borrower, and any other documents or correspondence relating to delinquent loans and foreclosures shall be sent to HAD.

Foreclosure Processing

The S/S must process foreclosures in accordance with the provisions of the mortgage, state law, and the requirements of HAD. To assure that this is done, the S/S must have an effective system for monitoring foreclosure progress. Although we do not specify a particular monitoring system, we may review the S/S system for adequacy on occasion. The S/S is fully responsible for any losses that occur because the S/S or its attorney mishandled the case.

In order to eliminate unnecessary delay the S/S should move as quickly as possible upon default. The S/S can commence a foreclosure after 30 days of delinquency in payment. Forward the file to the attorney as soon as possible. Do not delay when documents are provided to you for signature.

The S/S will respond quickly to attorney's request for any information she/he needs to complete foreclosure action. S/S will notify HAD of sale date within 5 days of order in most cases. Sale date should be approximately 95 days from the date you request attorney to foreclose. The S/S will immediately initiate a report giving the status of the foreclosure and provide HAD with a copy of such. The S/S will provide periodic updates of the status (on at least a monthly basis). There will be no publication of excess language, reasonable Trustee Sale Guaranty fees, etc. There will be reasonably brief documents (saves publication and recording fees); split Notice of Default and Notice of Sale.

The S/S will advertise in the "newspaper of general circulation published nearest the place of sale". The S/S will try to save on Trustee Sale Guaranty by:

- A. Shopping for rates;
- B. Determining how much coverage you really want and need;
- C. Taking all coverage allowed for minimum fee;
- D. Not over-insuring.

The S/S shall retain Borrower's escrow funds and unapplied funds, if any. The S/S shall obtain bills for and effect payment of all expenses to be paid under the mortgage such as taxes, insurance and any charges which may claim priority over

HAD's interest. Should Borrower's funds be insufficient to pay these items as they become due, the S/S will advance the necessary funds.

Offer of Payment During Foreclosure

If, during foreclosure, Borrower offers payment of the full delinquency, including advances, legal costs, and other foreclosure expenses, the S/S shall ascertain the amount of all foreclosure costs and expenses that have been incurred, or will be incurred, if the offer is accepted. Such an offer may be accepted by the S/S, but it may not be declined without HAD's concurrence.

If the offer is accepted, and upon receipt of funds, the S/S shall act to prevent additional foreclosure expenses from being incurred by applying funds (exclusive of foreclosure expenses) to the Borrower's account and paying the foreclosure expenses. The S/S shall immediately report the reinstatement of the mortgage loan to HAD and, if appropriate, return the certified copy of the debt instruments to HAD by certified mail. If during foreclosure, the Borrower offers to pay an amount less than the full delinquency (including foreclosure costs, etc.) S/S will ascertain the amount of foreclosure costs and expenses that have been or will be incurred if the offer is accepted. S/S recommendation shall include an opinion regarding whether the foreclosure action should be suspended or dismissed and how the remaining delinquency will be cured.

Bidding Instructions

The S/S shall issue bidding instructions to its employee, agent, or the attorney attending the foreclosure sale unless otherwise directed by HAD. If a bid has been received that covers the total indebtedness including advances, legal costs, and other foreclosure costs, approval of a minimum bid price is not required from HAD. The S/S must obtain HAD's prior approval of a minimum bid that is insufficient to recover the total indebtedness.

Third Party Acquisition

If the mortgaged premises are disposed of in a third party transaction at the foreclosure sale, reasonable expenses advanced by the S/S during the foreclosure process (and approved in writing by HAD when applicable) shall be netted against the foreclosure sale proceeds. The Division's portion shall be paid to HAD in the same manner as pay-off funds.

Reimbursement of Advances

If a property is not acquired by a third party at the foreclosure sale, HAD will reimburse the S/S for reasonable expenses incurred (and approved in writing by HAD where

applicable). The Request for Reimbursement (DCRA Form 42) should be accompanied by copies of the invoices and checks issued. Reimbursement will be made upon receipt and approval of expenditures. Should the foreclosure sale be delayed due to Borrower's filing of court documents (such as bankruptcy), HAD will, upon request, reimburse the S/S for expenses incurred. Reimbursement may be made every thirty (30) days upon submission of paid invoices from the S/S.

Reimbursement Prior to Foreclosure Sale

If unusually large advances are required by the S/S, reimbursement prior to the foreclosure sale will be considered upon receipt by HAD of a written request (DCRA Form 42) from the S/S. The request will include copies of the paid invoices for which reimbursement is being requested.

Judicial Foreclosure

Some states allow redemption periods to be reduced when the foreclosure was instituted because the property was vacant or abandoned. Whenever possible, the S/S should petition the court - or take any other legal actions that may be necessary - for a reduced redemption period, so that expenses can be minimized.

Consider Judicial Foreclosure if:

- A. You are under-collateralized;
- B. You have solvent trustor or guarantor;
- C. No better option presents itself, including:
 - 1. Additional collateral,
 - 2. Guarantors;
- D. The property lends itself to one year of unsalability, eg., is it rentable.

BANKRUPTCY

The S/S must have written procedures to control and monitor bankruptcy proceedings effectively. The procedures should cover bankruptcies filed under Chapters 7, 11 and 13. Among other things, the procedures should address the following:

- A. requirements for filing a proof of claim - circumstances under which it is required, how to prepare it, time frame for filing, etc.;

- B. methods for determining acceptability of proposed repayment plans, including reaffirmations of the debt;
- C. time limits for clearing the bankruptcy or receiving the first payment under a repayment plan and the action to take if they are not met;
- D. instructions on what to do if the bankruptcy trustee files a no-asset report, intends to sell the property, or abandons his or her interest;
- E. conditions under which an abandonment should be obtained or petition for lifting the stay order should be filed; and,
- F. requirements and timing for referring the case to an attorney for foreclosure once a stay order has been lifted.

In addition, the S/S must maintain an individual file for each case that is involved in bankruptcy proceedings. That file should contain a copy of the following: notice of the first meeting of creditors, proof of claim, the debtor's plan, pleadings, notices, etc.

MANAGEMENT OF ACQUIRED PROPERTY

S/S is responsible for managing the acquired property for as long as HAD holds title to the property. Immediately after HAD acquires title to a property, the S/S must take action to preserve the Division's interest. The responsibilities of the S/S include, but are not limited to:

- A. Security. S/S is required to take appropriate action to secure the property, including but not limited to:
 - 1. changing all exterior locks if necessary;
 - 2. securing all windows and exterior doors;
 - 3. inspecting the property at least every 30 days, or as otherwise directed by HAD. Originals of the property inspection reports with pictures will be forwarded to HAD.
- B. Management. The S/S shall be responsible for the timely payment of all taxes and assessments, the collection of rents (if applicable) and for seeing that the property

is covered by adequate hazard insurance. Adequate hazard insurance shall be considered the amount and type of insurance that was required prior to the time the property was acquired by HAD. The Division shall be named as the loss payee.

- C. Maintenance. The S/S shall maintain the property so as to preserve its value and prevent any additional deferred maintenance or damage. Utility companies must be notified of the change of ownership and advised to forward all bills, etc., to the S/S for payment. If the property is expected to be vacant for an extended period, steps will be taken to winterize, if applicable. HAD expects that the S/S will act in the Division's best interest when contracting for service maintenance, and requires that the S/S submit statements for such services along with additional documentation (photographs, field reports, etc.) if appropriate, when requesting reimbursement. Maintenance expenses which are other than routine and recurring, must be authorized by HAD beforehand if the expenses exceed \$500.00 or are out of the ordinary.
- D. Reimbursement: Where the S/S is incurring expenses in maintaining the property, a Reimbursement Form, DCRA/HAD 42, listing credits and expenses (accompanied by copies of the invoices and checks issued) must be submitted when reimbursement is requested. HAD will reimburse S/S for expenses every three months. More frequent reimbursements will be considered when the expenses exceed \$500.00. In all cases a final accounting of income and expenses must be submitted to HAD no later than 45 days after a property is disposed of (property inspection fees are not reimbursable).

Property Taxes

When HAD forecloses and obtains title to a piece of property, no taxes are due or payable the following year. Even if the property is resold, taxes would not be due until January of the following year.

Example:

<u>Foreclosure Date</u>	<u>Taxable Year</u>	<u>Non-Taxable Year</u>
7/1/85 - 12/31/85	1985, all year	January, 1986
1/1/86	1986, all year	January, 1987

Insurance

HAD requires that you provide the Division with verification of adequate insurance on any properties on which we have foreclosed and/or of which we are in possession through abandonment.

Should any of these properties have tenants, you must also provide verification of liability insurance.

If Borrower abandons the property, or does not answer within 30 days a notice from S/S that the insurance carrier has offered to settle a claim, then S/S may collect the insurance proceeds. S/S may use the proceeds to repair or restore the property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

TENANT OCCUPIED PROPERTY AND RENTAL INCOME

The S/S shall collect and remit to HAD, on a monthly basis, all monies due on Foreclosed Rental Property. The S/S shall keep accurate records of all rental activity to include:

- A. Date rented/lease information (period of time lease covers.
- B. Date tenant vacates property. Advise HAD as to application of the security deposit towards clean-up/repair of the property and return deposit, if any, to the departing tenants.
- C. Condition of the property and any necessary fix-up/repair costs.

DCRA/HAD Form 47 (Rent Collection Report) shall be submitted monthly, in addition to the rent collections check. Form 47 requires the following information:

- A. DCRA/HAD Loan Number;
- B. Borrower's name;
- C. tenant's name;
- D. apartment number;
- E. property type, shown by an X in the appropriate REO column;
- F. security deposit you are holding;
- G. amount of rent being remitted;

month for which the rent is being applied;

I. foreclosure sale date.

Property and Casualty Losses

The S/S shall immediately report to HAD any accident occurring on the acquired property, furnishing all information on the time, place and circumstances, the names and addresses of the injured, and the names and addresses of all witnesses.

Address for Correspondence

Address for all correspondence regarding delinquencies, foreclosures and collection will be sent to the Anchorage office. Correspondence incorrectly addressed will be the responsibility of the S/S, and not considered received by HAD until properly delivered.

When the S/S is being assisted by the State's regional offices on a delinquent loan, a copy of correspondence shall also be sent to that office.

PROCEDURES FOR REAL ESTATE OWNED

The general goal of the property disposition procedures is to dispose of acquired property as quickly as possible at an equitable price. With this in mind, the following are presented as general guidelines. A S/S may elect alternate procedures, but advance written approval must be obtained from HAD. With the foreclosure of a HAD direct loan, detailed instructions may be sent by the Anchorage office to the regional office in the area when the property has been or is about to be foreclosed. HAD's regional offices will be available to offer assistance to the S/S regarding the maintenance or disposal of a foreclosed property.

PROCEDURES FOR THE DISPOSITION OF REAL ESTATE OWNED

The HAD periodically will offer for sale certain properties that the Division has acquired.

HAD reserves the right to accept or refuse any and all offers and the Division's decision is final. All items are offered "AS IS, WHERE IS", with no implied or expressed warranty of condition whatsoever.

When HAD has acquired properties through a foreclosure or a deed in lieu of foreclosure, the following procedures shall be followed in disposing of those properties.

- A. When DCRA is in title of the property, HAD may request the S/S or its agent to post a 'For Sale by the State of Alaska' sign on these properties.
- B. The Division may request that the S/S place an advertisement offering the property for sale.
- C. The S/S will provide HAD with a narrative report to include:
 - 1. any adverse conditions affecting the marketability of the property;
 - 2. information on the current occupants (if any) of the property;
 - 3. information on whether the property has been secured and how; and,
 - 4. any other information of which HAD should be aware.
- D. The Division will expect the S/S, per our guidelines, to secure the property, change over the utilities, and provide HAD with keys to the premises.
- E. The S/S will obtain estimates to remodel or repair the premises and HAD will inform the S/S how these repairs are to be handled and how they are to be paid.
- F. The Division may request the S/S to obtain a current appraisal on said property to determine value.
- G. On request, HAD may make available to the public; appraisals, estimates for repair, and any other information HAD may deem appropriate.
- H. HAD will arrange a schedule of times that the premises will be open for public inspection.
- I. All offers shall contain the following information, but are not limited to such:
 - 1. Name and address of buyer;
 - 2. Phone number;
 - 3. Purchase price and terms;
 - 4. Type of financing, if any, to be obtained;
 - 5. Date buyer shall apply for financing, if acceptable.

- J. HAD will not assist in the writing of an offer on the properties, but will advise a prospective buyer of the procedures for making an offer on foreclosed properties. HAD's field offices, as well as the Anchorage office, will accept these written offers. They will be posted with date and time received. The offers shall be forwarded to the Loan Examiner III in the Anchorage office.
- K. HAD shall review all offers to purchase upon receipt. If an offer has been received, but has been rejected or accepted by HAD, HAD shall notify the prospective buyer immediately.
- L. In the case that all offers have been rejected, new offers may be solicited, or direct negotiations may be undertaken, whichever is in the best interest of the State.
- M. The Division is under no obligation to accept any of the offers, and retains the right to continue to offer the property for sale.
- N. Identical offers will be reviewed by the Director. Date and time will be the first consideration. If no other basis for acceptance exists, HAD will draw lots in the presence of the buyers, or as an alternative, have lots drawn by a disinterested third party.
- O. Acceptance of an offer shall be done by the Director of the Housing Assistance Division. Consideration in accepting an offer will include, but not be limited to the following:
1. Cash offers;
 2. Down payments;
 3. Total purchase price;
 4. Financing.

Acceptance is made to the proposal most advantageous to the State.

- P. All accepted offers on behalf of the State shall include a Hold Harmless Clause. The buyer must hold the State and employees harmless from any liability.

OTHER STATE AGENCIES

8/23/89

HOUSING POLICY DEVELOPMENT COMMITTEE
POLICY RECOMMENDATIONS

1. It is the policy of the State of Alaska to adopt and execute a state housing policy and facilitate coordination of housing services by establishing an Alaska Housing Commission.
2. It is the policy of the State of Alaska to recognize the significant differences in housing needs, standards and requirements across the state. As a result, state policies, programs, procedures, and regulations shall be regionalized to the greatest extent possible.
3. It is the policy of the State of Alaska to encourage communities to take an active role in land use issues, recognizing that local control is preferable to central control, but not to the extent that private determination of supply and demand is circumvented (This statement will be re-drafted).
4. It is the policy of the State of Alaska to improve the availability, accessibility and affordability of housing for people with limited or low incomes.
5. It is the policy of the State of Alaska to improve the availability, accessibility and affordability of transitional and long term housing for those with special needs.
6. It is the policy of the State of Alaska, in the allocation of state housing resources, to give first funding priority to the state's most urgent housing needs.
7. It is the policy of the State of Alaska to encourage and assist the citizens of the state in homeownership opportunities in a fiscally responsible manner.
8. It is the policy of the State of Alaska to encourage housing partnerships which include public, private and non-profit entities, in order to foster and develop low income and affordable housing in the state.
9. It is the policy of the State of Alaska to minimize direct involvement of state government in the traditional housing market, with the primary exceptions of accessing capital markets and providing information.

10. It is the policy of the State of Alaska to promote the availability of quality, affordable rental housing.
11. It is the policy of the State of Alaska to recognize that the state's seniors are a valuable asset to the state. Senior Alaskans, of all income levels, should have access to affordable housing. The state should implement a housing program for seniors which emphasizes a continuum of care services. Supportive services should be available which allow seniors to live independently at their level of ability.
12. It is the policy of the State of Alaska to develop and maintain stable sources of revenue to support housing needs in the state.
13. It is the policy of the State of Alaska that housing in the state should meet specific quality standards (Proposed Statement).

ALASKA HOUSING MARKET COUNCIL

Statutory Basis

The Alaska Housing Market Council was established, for a three year period, by Governor Cowper on March 12, 1987 by Administrative Order #94. The Council has a twelve member board of directors which consists of four public members, an ad hoc representative from the Mortgage Guaranty Insurance Corporation, the executive directors of AIDEA, ASBA, AHFC, and the APFC, the Commissioner of Commerce, the Director of DCRA's Rural Development Division, and the Governor's Special Assistant assigned to Commerce.

Duties and Responsibilities

The Council serves as a coordinating point for both state and private housing entities. The Council's specific duties have evolved in response to changes in Alaska's housing market. The following are the FY90 duties of the Alaska Housing Market Council:

1. To develop a state housing policy and to coordinate interagency policies.
2. To make recommendations directed towards the stabilization of the housing market and for the coordinated management and resale of all institutionally owned residential units.
3. To provide direct services to the public via the mortgage information and referral hotline.
4. To serve as a public forum for housing and housing market issues.
5. To maintain a housing information data bank.
6. To provide reports and accounting to Council members, the Governor and the Legislature on the status of the housing market, on AHMC activities and funds used to coordinate those activities.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SOLDOTNA

312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU

BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

MEMORANDUM

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: August 28, 1989

TOPIC: APFC Loans

Attached is a letter from David A. Rose, Executive Director of the Permanent Fund. It gives a brief perspective of the fund's residential loan program and a copy of a letter to AHFC.



Alaska Permanent Fund Corporation

P.O. Box 4-1000 Juneau, Alaska 99802-4100
(907) 465-2047 Telecopy (907) 586-2057

August 22, 1989

The Honorable
C.E. Swackhammer, Chair
Housing Finance Task Force
312 Tyee Street
Soldotna, Ak 99699

Re: Residential Loan Program

Dear Representative *Swack* Swackhammer:

I received your request for information on our residential mortgage program. As you probably know, our loan program involves only Alaskan properties located primarily in urban areas of the state.

At the end of July, the portfolio of 196 loans had a value of \$31.5 million. In addition to the loan portfolio, we own twenty-four REO properties which had a market value of \$2.8 million.

While still taking on a few new loans, my staff is in the process of formulating recommendations to the Board of Trustees, per their request, as to the closure of the mortgage loan program. At this time we are discussing the sale of the loan portfolio to the Alaska Housing Finance Corporation. The attached letter to Tom Behan, Director of the Alaska Housing Finance Corporation, proposes various options for a sale agreement, as well as provides a brief history of our mortgage program. The criteria used for purchasing loans is also described in the letter.

If you need further information from us for your review, please don't hesitate to call.

Sincerely,

David A. Rose
Executive Director

DAR:LL:ls
Enclosure



Alaska Permanent Fund Corporation

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047 Telecopy (907) 586-2057

August 16, 1989

Mr. Tom Behan
Executive Director
Alaska Housing Finance Corporation
P.O. Box 101020
Anchorage, AK 99510

Dear Tom:

As a follow-up to our August 9 conversation, I am sending you a copy of the Mortgage Program Report presented to the Board of Trustees at the June, 1989 meeting. In our conversation, we discussed Alaska Housing Finance Corporation's purchase of our 198 loans at par or market value. At the end of July, 1989, the loan portfolio balance was \$31,500,000.

With few exceptions, the mortgages are for homes located in Alaska's urban areas. The portfolio includes single and multi-family dwellings, condominiums, and zero-lot lines. Loans were written with an agreement that the homes would be owner occupied, but that stipulation has not been monitored. Approximately three-quarters of the loans are covered by mortgage insurance. The average home loan has a \$160,000 principal balance and most of the loans are over four years old.

The mortgage program began in 1981 and over 80% of our loans were purchased in the first five years of the program. Most have a 30 year term. Few new loans have been purchased in the past two years -- those were either new loans on REOs we sold, or new loans on previous commitments.

Originally, only fixed-rate mortgages were acquired, but in the mid-80's the decision was made to purchase only adjustable-rate loans. The ARMs have an annual cap of 2% and a lifetime cap of 6%. In the past few years we have honored numerous requests to modify loans from the original high fixed rates to ARMs.

Rates are adjusted annually, on either March 1 or September 1. New rates are based on the Federal Home Loan Bank Board's District 1 index for previously occupied homes. The rate for the September 1, 1989 adjustment is 10.75%.

Mr. Tom Behan
August 16, 1989
Page 2

Currently, fourteen banks and mortgage companies service our mortgages. National Bank of Alaska provides service for half of our loans. Fifteen loans are serviced by eight institutions and the other mortgages are serviced by the remaining four providers.

Our delinquency rate for loans over 59-days delinquent is 14.5%. Half of these loans are over 120-days delinquent. Of this group, several are in the modification process, one is in judicial foreclosure, and others are in non-judicial foreclosure.

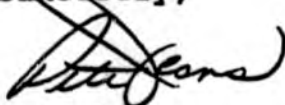
I see several options we could discuss in regard to servicing the loans that go into foreclosure after your purchase of the portfolio:

- 1) AHFC could market all foreclosed properties and recognize any loss or gain on the sale, eliminating any competition from the Permanent Fund in the Alaska-housing industry;
- 2) The Permanent Fund may buy back foreclosed properties for the first year after your purchase and provide, or not provide, financing to new buyers, possibly continuing in the housing industry on an extremely small scale;
- 3) For a one-year period, the Permanent Fund could purchase the foreclosures and sell them back to AHFC at market value, allowing the Permanent Fund to recognize the losses and at the same time, staying out of the Alaska housing market.

I suggest that we meet with you to review this information and answer any questions you might have. If you plan to be in Juneau in the near future, we could meet here and you would have an opportunity to review a sampling of files in the portfolio. Several members of our staff will be in Anchorage on September 25 or 26. If this would be a more-convenient time for you, we could meet with you then. We would also be happy to present information to your board and respond to their questions.

If there is any further information we could send to you during your consideration of this offer, please do not hesitate to call me or Llewellyn Lutchansky, the manager of the mortgage program.

Sincerely,



Pete Jeans
Real Estate Investment Officer

PJ:LL:ls

GENERAL

● *Jean Smith* REALTOR



BOX 1928
880 H STREET, SUITE 204
ANCHORAGE, ALASKA 99510
(907) 277-6013

September 19, 1989

Rep. C. E. Swackhammer, Chairman
Alaska Housing Finance Task Force
3111 C Street
Anchorage, Alaska 99503

Dear Rep. Swackhammer:

It is my understanding the Alaska Housing Finance Task Force is holding a series of meetings to review and analyze the publicly-assisted residential finance programs in Alaska in preparation for your report to the Legislature early in the 1990 session.

Your analysis will reveal that the State has a great many on-going housing assistance programs designed to meet the needs of a wide variety of home buyers. The missing link in all these programs is that there is presently no financing available for buyers of cooperative housing units. Attached is a copy of the letter I wrote last year for presentation to several Anchorage area legislators setting forth the background of Safehaven, Inc. Cooperative and outlining the problem.

Because cooperative home ownership is a long-established and viable form of home ownership in other States, I believe your legislatively established Task Force is the proper vehicle to recommend the Legislature take action to include financing for individual cooperative units in programs conducted by the Dept. of Community and Regional Affairs, AHFC, State pension funds, Alaska State Building Authority, or whatever subsidiary the legislators deem appropriate.

The Board of Directors of Safehaven, Inc. and I will greatly appreciate your consideration of this problem as well as your assistance in finding an early solution to it.

Sincerely,

Jean Smith
Jean Smith

Attach.

Jean Smith REALTOR



BOX 1928
880 H STREET, SUITE 204
ANCHORAGE, ALASKA 99510
(907) 277-6013

October 29, 1988

TO: Anchorage area Legislators

RE: SAFEHAVEN COOPERATIVE, INC.

BACKGROUND INFORMATION:

Safehaven Cooperative is a long-established housing development located in the South Addition of Anchorage near the West end of Delaney Park Strip, and more particularly between West 11th and West 12th, and P Street and Beech Lane. The complex is situated on nearly 3 acres and consists of 13 buildings, including 40 residential units, 2 laundry rooms, and a combination office, meeting room, and storage building.

The complex was constructed approximately 1943 by the Civil Aeronautics Administration to provide housing for their employees due to the shortage of available housing in Anchorage at that time. Only CAA employees and their families were permitted to live there. By the mid-fifties sufficient housing had been built in Anchorage that the CAA no longer needed to provide housing to attract employees. The CAA officials met with their tenants and urged them to organize themselves and purchase the complex. With the assistance of attorneys, CAA supervisors, etc., a cooperative was formed, by-laws were drawn up, a Board of Directors was elected, and financing was obtained through the Public Housing Administration (forerunner of HUD/FHA). The Cooperative, through its Board of Directors, several years ago paid off in full their loan so the entire property is now debt-free.

In those days the condominium concept was unknown, so formation of a Cooperative was the only feasible method to accomplish the goal. At that time then-residing CAA employees had first dibs to buy a share of stock in the Cooperative, other CAA or Government employees had second dibs, veterans had 3rd rights, and then open to anyone.

The Cooperative through the years has been most fortunate in keeping a prudent, diligent and dedicated Board of Directors who have, by their efforts, enforced the by-laws, supervised the installation of a number of capital improvements, retained a healthy reserve account while keeping monthly homeowner fees moderate, and maintained the premises in first class condition, making the units a very desirable place to live because of its close-in location.

WHAT THE PROBLEM IS:

Obtaining institutional financing for resale of the units is now impossible to get.

In the early years when units changed ownership the market value was such that a buyer was usually able to pay cash, or the seller could carry a small contract. In the past 15 to 20 years inflation, plus additions and improvements made to

the complex as a whole, and to individual units by owners have increased the market value to the \$50,000. to \$60,000. range, making it virtually impossible for potential buyers to pay cash. Because a high majority of the current unit owners are now senior citizens, they are unable and unwilling to even consider carrying 15 to 30 year contracts. At the present time 22 of the 40 unit owners are between 65 and 80 years of age, and of the remaining 18, more than half are between ages 60 and 65. A majority of the current stockholders are long-time residents, including some who were among the original stockholders. Because of declining health some of the unit owners have moved into the Pioneer Home, while others are desirous of relocating to warmer climates or buying into retirement set-ups in the Lower 48, and the remaining owners are rightfully concerned as to what will happen to them should the need to sell arise.

Late last year two of the owners listed their units for sale with me. During the course of this year I have talked with the mortgage loan departments of every bank and mortgage company in Anchorage attempting to find financing, but to no avail. Given current economic conditions, it is understandable that neither the banks nor the mortgage companies can make loans to carry in their own portfolios and must make loans contingent upon their ability to sell the loan to an investor. Therein lies the problem. Fannie Mae, Freddy Mac, AHFC, and other institutional investors are unwilling to finance cooperative units because the evidence of ownership is a share of stock rather than a warranty deed. Title companies, however, have ruled that a share of stock is an insurable interest, but because Safehaven is the only Cooperative in Alaska (to my knowledge) the potential investors apparently choose not to revise their regulations to permit purchase of the loans for a relatively small complex.

In years past, before the current economic slump, several of the units were financed by local banks who then resold the loans to some of the State pension funds. Upon checking out that possible source this year, I was told that because of the heavy loan delinquencies being experienced by every bank in Anchorage, the State pension funds will no longer buy any loans from the banks.

WHAT'S THE SOLUTION?

Having devoted countless hours this year talking with mortgage loan personnel, bankers, bank trust officers, the Alaska Housing Marketing Council, the Older Persons' Action Group, employees of the Dept. of Community and Regional Affairs, and Arlene Patton, head of the local HUD office, I have concluded a resolution of the problem will come only through legislative assistance.

Through the years the Legislature has established a plethora of loan programs to assist fishermen, farmers, students, rural housing, non-conforming housing, business ventures, mobile home buyers, low-income housing purchasers, high income buyers, modification of loan packages, etc. Unfortunately, this group of 40 homeowners at Safehaven, being a somewhat unique in this State organizational structure, seem to fall through the cracks and not fit into any existing program.

Several of the bankers have told me they are familiar with Safehaven, know of its good reputation, and would gladly make the loan and service it if there were an investor who would buy the loan. Arlene Patton told me HUD can insure the loans under their Section 213 program entitled "Federal Mortgage Insurance to finance cooperative housing projects", but that I would first need to

find an approved bank to make the loan and service it, plus an investor to purchase the loan.

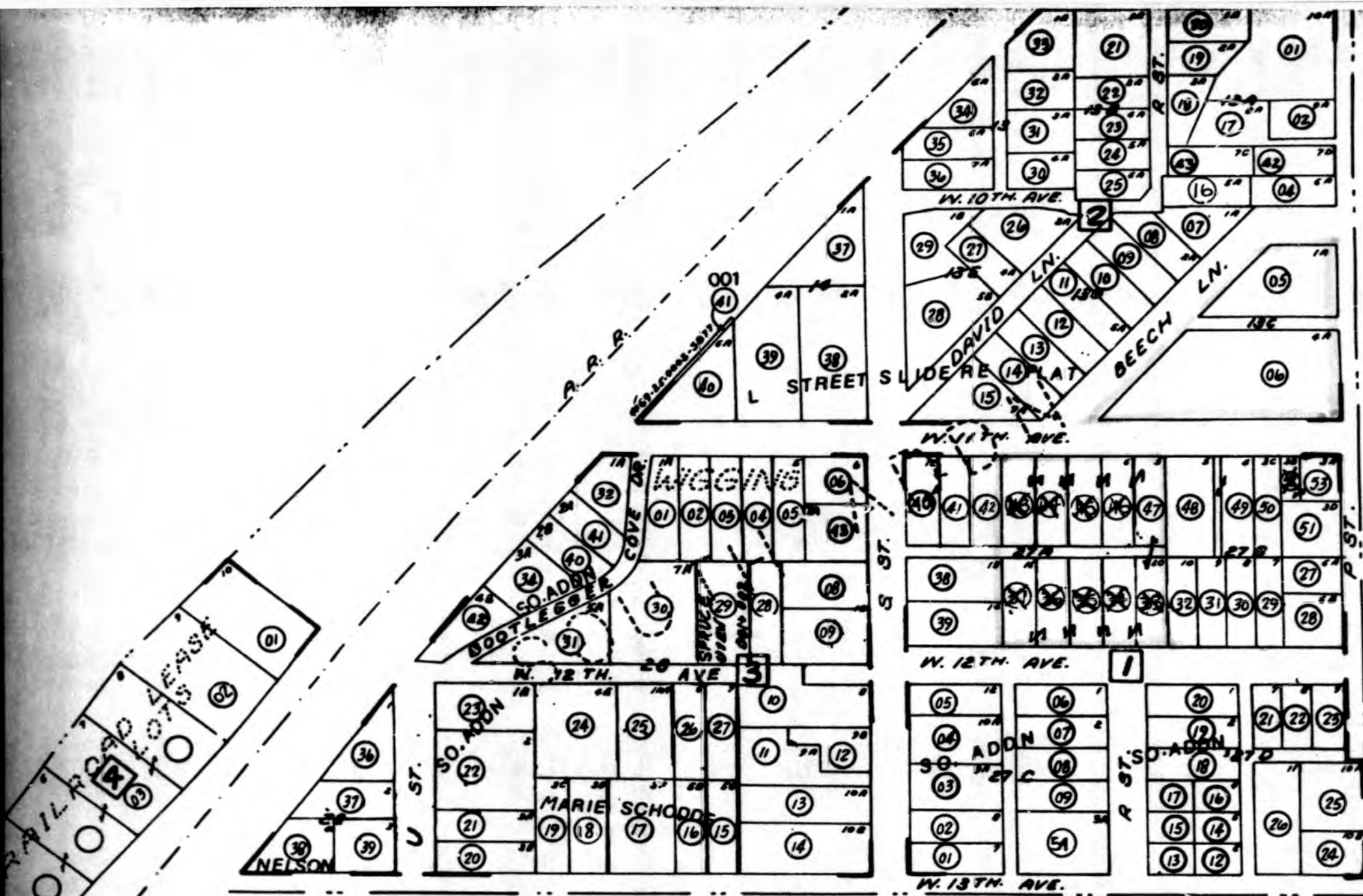
It is my opinion that no new legislation is required. I believe that through legislative influence perhaps the State pension funds could be an available source for purchase of the loans, or the Permanent Fund. As an alternate suggestion, perhaps existing regulations could be modified or amended to permit the Dept. of Community and Regional Affairs to purchase the loans under their housing assistance programs, or Alaska Housing Finance Corporation could be induced to purchase the loans.

I was told by people at the Dept. of Community and Regional Affairs that they can only make housing loans in rural areas, however my reading of what I think are current regulations, state up to 20% of the housing assistance funds may be used in urban areas.

We are not talking about a large amount of money annually. It is doubtful that there would be more than 2 or 3 of the units placed on the market in any one year, if that many, and at an average sale price of perhaps \$50,000. that is a relatively small amount in the big scheme of things.

The 40 owners of Safehaven Cooperative, its Board of Directors, and I will greatly appreciate your assistance in helping us find a satisfactory solution to this problem.

Jean Smith
Jean Smith
Broker



Adjoining Page No.

Assessor's Parcel No.

Assessor's Map No. 271 - Dn



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-6690 • (907) 561-8050 • FAX: (907) 561-8998

September 8, 1989

Honorable C. E. Swackhammer
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Attention: Carl Nickel

Dear Mr. Nickel:

Thanks for your letter of August 9th concerning residential housing loans. The Authority offers no residential housing loans of any form so there is very little that can be forwarded.

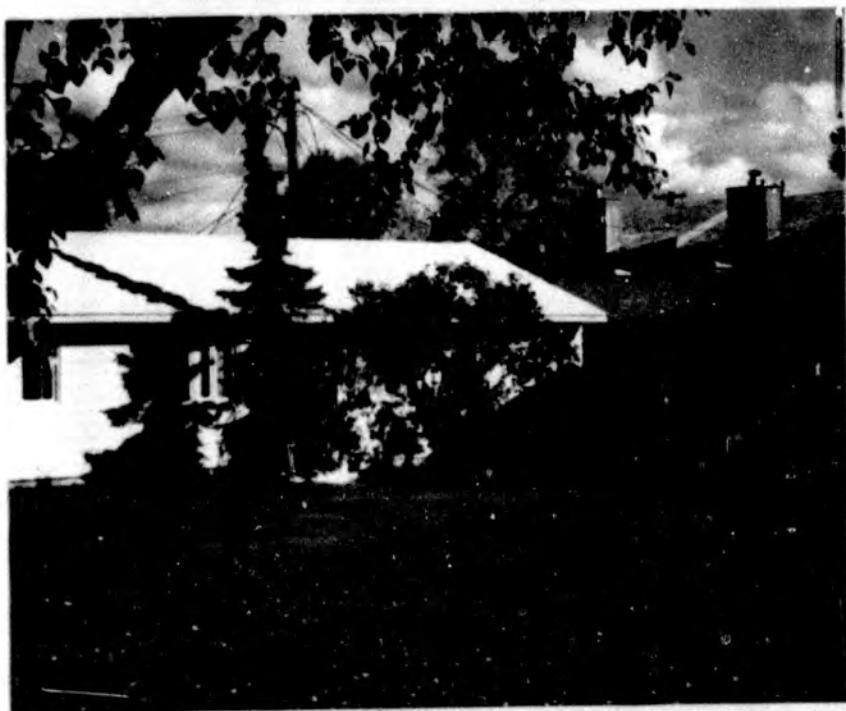
Some years ago a multi-family program existed but that was repealed by the legislature in 1985. If I can be of any other assistance, let me know.

Sincerely,



Bertram L. Wagon
Executive Director

BLW/ec



THE

STATE

OF THE

NATION'S

HOUSING

1989

**JOINT CENTER FOR HOUSING
HARVARD UNIVERSITY**

Prepared by William C. Apgar, Jr., Denise DiPasquale, Nancy McArdle, and Jennifer Olson of the Joint Center for Housing Studies of Harvard University. The authors gratefully acknowledge the support of the following organizations:

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The opinions expressed in this report are those of the authors and do not necessarily represent the views of Harvard University, the Joint Center for Housing Studies, or the other sponsoring organizations.

SUMMARY

Considerable controversy surrounds the extent of the housing problem in the United States. Indeed, many question whether a problem even exists. Some analysts suggest that declining homeownership rates are a voluntary response to lower expected capital gains. Others assert that the rent burdens of the poor have not increased. Still others claim that there is a sufficient supply of affordable housing.

To be sure, there has been substantial improvement in housing conditions over the last several decades. Homeownership rates for some groups stand at record levels. For many Americans, their homes are their largest single asset. Homeownership provides a large portion of their accumulated wealth and is a primary source of financial security at retirement. For those without sufficient income to become homeowners, good quality, affordable rental housing can serve as an important anchor in their lives.

But despite this record of achievement, the growing number of housing have-nots—first identified in *The State of the Nation's Housing 1988*—suggests that this progress has stalled in recent years. High housing costs have limited homeownership opportunities for young households, and growing numbers of low-income households compete for the dwindling supply of low-cost housing.

Left unchecked, these trends will further undermine the state of the nation's housing in the years ahead. As households continue to delay or forego becoming homeowners, their economic security at retirement is threatened. The loss of affordable housing combined with the growing number of poor families could produce a permanent underclass of disadvantaged renters and add to the ranks of the nation's homeless population.

Building on last year's report, this study seeks to raise national awareness of current housing problems. History demonstrates that housing has played a major role in improving the quality of life of American families and individuals. Now is the time to reaffirm the goal of a decent home for all.

Exhibit 1

Summary of Key Findings

- The after-tax cost of homeownership remains high as tax reform eroded the incentive to own. Rents continue to increase, reflecting the steady loss of the low-cost rental stock.
- Homeownership rates continue to decline as the high costs of buying a first home have forced many households to delay or abandon the effort to become homeowners.
- The downpayment is the toughest barrier to homeownership; reducing the downpayment and required monthly mortgage payment could substantially expand homeownership opportunities.
- Budget cutbacks and expiring use restrictions threaten the stock of subsidized housing, while much of the unsubsidized, low-cost stock is also at risk of loss to either upgrading or abandonment.
- Despite growth in the number of subsidized units, from 1974 to 1985 the number of unsubsidized poverty-level renters increased by 40 percent to 5 million.
- Inflation-adjusted rents for poor households residing in unsubsidized units increased 34 percent from 1974 to 1985.
- The growing poverty population and the decline in homeownership rates among the young are likely to further increase inequality in income and wealth and undermine the long-term economic security of future generations of older Americans.

TRENDS IN HOUSING COSTS

Housing costs are determined by a complex set of supply and demand factors. Demand depends on the characteristics of the nation's households, in addition to their income or purchasing power. The cost of supplying housing depends on the cost of labor, materials, and land used in the production of the unit, as well as the financing costs and the tax treatment of housing expenditures.

For the calculations cited here, the representative owner unit is defined as the median-valued house purchased in 1977 by a married-couple, first-time buyer aged 25 to 29. For potential homebuyers, the after-tax cash cost is the sum of several ongoing expenses (including outlays for mortgage interest payments, fuel and utility costs, maintenance and repairs, real estate taxes, and insurance) less the tax savings associated with owning a home. The total homeownership cost also includes the indirect costs of earnings foregone on funds used as a downpayment less the indirect savings from house price appreciation and the resulting equity buildup.

Housing costs for renters are based on the cost of the median-priced unit in 1977. Rents are defined as either monthly median contract rent (payment to landlords) or median gross rent (contract rent plus fuel and utility payments) for the representative unit. All figures in this report are expressed in inflation-adjusted 1988 dollars.

By estimating the homeowner or renter cost for a unit of fixed attributes, the indices provide a reliable measure of the extent to which housing costs have increased relative to household income over the past two decades. In addition, they isolate the effect that individual components of cost, including changes in the tax incentives to own or invest in housing, have had on housing costs.

Eroding Tax Incentives

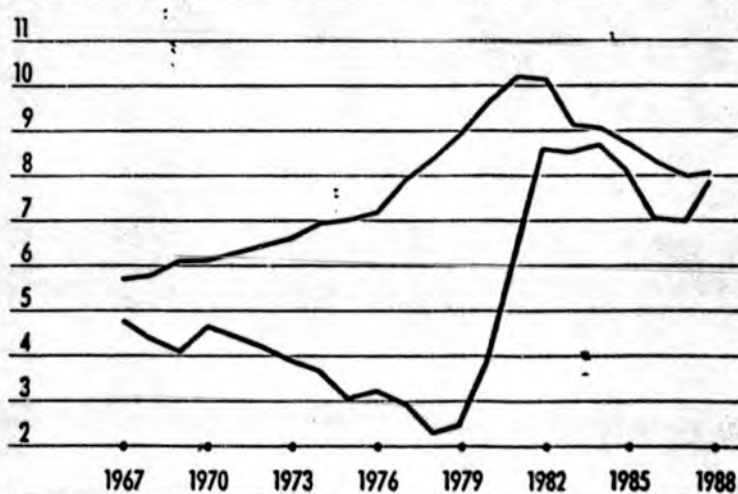
In 1988, the annual after-tax cash cost of owning a typical starter home was \$7,980, virtually unchanged from the 1987 figure of \$7,995 (Exhibit 2). Nevertheless, the total cost of homeownership actually rose for the first time in four years, to \$8,000, because of lower expected equity buildup.

Given that mortgage interest rates have fallen sharply from their 1982 peak and that the inflation-adjusted price of the representative first home has dropped noticeably since 1986 (Exhibit 3), the failure of after-tax homeownership costs to return to the affordable levels of the 1970s is somewhat surprising. Part of the explanation is that homeownership no longer offers the same tax advantages that it once did. Tax incentives are linked to nominal (as opposed to inflation-adjusted) interest rates; as a result, the tax advantages of homeownership are greatest when mortgage interest rates are

Exhibit 2

Homeowner Costs

Thousands of 1988 dollars



SOURCE: Appendix Table 1.

■ After-Tax Cash Cost
■ Total Cost

high. The slide in interest rates since 1982 has thus led to a steady reduction in the tax benefits of owning a home.

The primary cause, however, is tax reform. Although the Tax Reform Act of 1986 retained the deductibility of mortgage interest and property tax payments, the overall decline in tax rates and increase in the standard deduction reduced the advantage of homeownership. For example, married couples filing a joint return now receive a standard deduction of \$5,000, up from \$3,650 in 1986. Since moderate-income, first-time homebuyers typically have few deductions to itemize, only a portion of their combined mortgage interest and property tax deduction will exceed the standard deduction. While the higher standard deduction and lower marginal tax rates have reduced the tax burden for many low- and moderate-income renters, they have also offset recent improvements in other components of the homeowner cost index.

Widening Regional Disparities

Geographic variation in homeownership costs primarily reflects differences in house prices. However, since the tax advantages of homeownership increase the more property taxes and mortgage interest payments exceed the standard deduction, the current tax laws provide relatively greater benefits in high-cost regions. Moreover, to the extent that house price inflation varies by region, so does the equity buildup.

During the 1970s, the increase in the purchase price of a modest single-family home outpaced that of overall inflation in each of the four major regions of the United States, with houses in the West displaying the most spectacular price rise (Exhibit 4). Since 1980, though, home price inflation in most regions has moderated. The notable ex-

Exhibit 3

Homeowner Cost Components (1988 dollars)

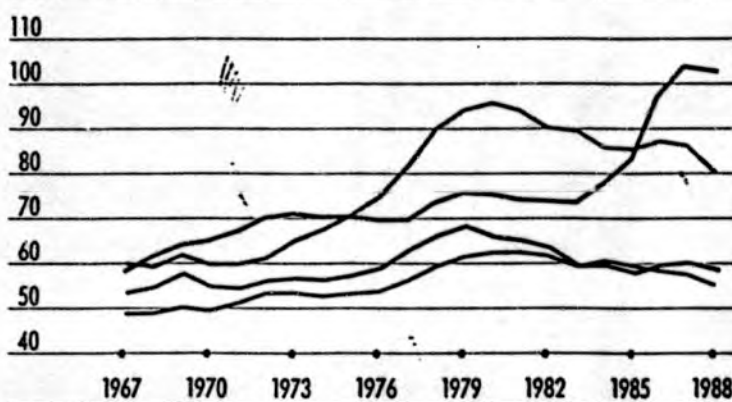
	1982	1984	1986	1988
House Price	\$69,661	\$68,184	\$69,154	\$65,949
Mortgage Rate (%)	14.8	12.0	9.8	9.0
Mortgage Payment	8,508	6,955	6,001	5,376
Other Costs	2,963	2,994	2,910	2,800
Before-Tax Cash Cost	11,471	9,949	8,912	8,176
Tax Savings	1,110	821	611	196
After-Tax Cash Cost	10,361	9,128	8,301	7,980
Other Purchase Costs	1,845	1,637	1,052	1,121
Equity Buildup	3,674	2,069	2,411	1,086
Total Cost	8,532	8,696	6,942	8,015

SOURCE: Appendix Table 1.

Exhibit 4

House Prices by Region

Thousands of 1988 dollars



SOURCE: Appendix Tables 2-5.

■ Northeast
■ Midwest
■ South
■ West

ception is the Northeast, where prices increased sharply from 1983 to 1987.

High purchase prices—and associated high mortgage and property tax payments—imply substantially larger tax savings for first-time buyers in the high-cost Northeast and West than for those in other regions. In contrast, tax reform substantially reduced the benefits of homeownership for low- and moderate-income first-time buyers in low-cost areas of the country because mortgage interest and property tax payments often total less than the \$5,000 standard deduction. The higher standard deduction and lower marginal tax rates benefit low- and moderate-income renter households in all regions; nonetheless, these changes weaken the incentive to purchase a home, particularly in low-cost areas of the country.

Rising Rental Housing Costs

After a sharp jump in 1981-86, real rent increases slowed somewhat in the last two years due to a surge in new apartment construction and record vacancy rates in over-

built areas. Despite this recent slowdown, the long-term increase in real rents parallels the more than decade-long decline in the low-cost rental stock. Recently released data from the 1985 American Housing Survey (AHS) suggest the magnitude of this loss; the number of privately owned, unsubsidized units renting for less than \$300 (measured in 1988 dollars) fell by one-third from 8.5 million in 1974 to 5.7 million in 1985. During the 1980-85 period alone, the number dropped by slightly more than 1.5 million (Appendix Table 6).

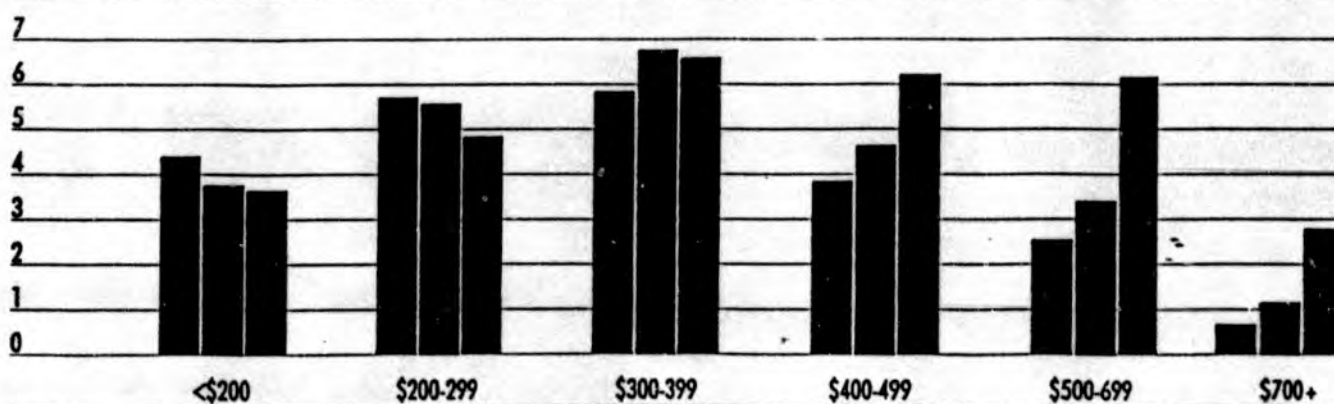
The decline in unsubsidized low-cost housing was tempered by a considerable gain in the number of low-cost subsidized units. During the 1970s, this increase resulted from construction of subsidized units and increases in Section 8 rental payment certificates. With the cutback in federal construction programs, however, recent growth in the number of subsidized units primarily reflects increases in rent certificate and voucher programs.

Increases in the available number of subsidized units have failed to compensate

Exhibit 5

Occupied Units by Rent Levels

Millions



NOTE: Rent in 1988 dollars.

SOURCE: Appendix Table 6.

■ 1974 ■ 1980 ■ 1985

for the shrinking supply of low-cost, privately owned, unsubsidized rental units. Between 1974 and 1985, the total number of units (subsidized and unsubsidized) renting for less than \$300 thus declined from 10.1 million to 8.5 million (Exhibit 5). While the exact cause of these losses—whether from demolition or upgrading—is unknown, it is clear that unsubsidized low-cost housing is disappearing from the market at a faster pace than subsidized low-cost stock is being added.

Record-Level Rents in the Northeast and West

Gross rents in the Northeast hit a record \$420 last year, up from \$408 in 1986 and \$350 in 1980 (Exhibit 6). In the West, gross rents soared from \$389 to \$468 between 1980 and 1986, but have added only another \$2 since then. Nevertheless, rents in the West stand at their highest level in more than two decades. Only in the South and the Midwest have rents eased in recent years, but gross rents measured in constant dollars still remain well above 1980 levels in those regions.

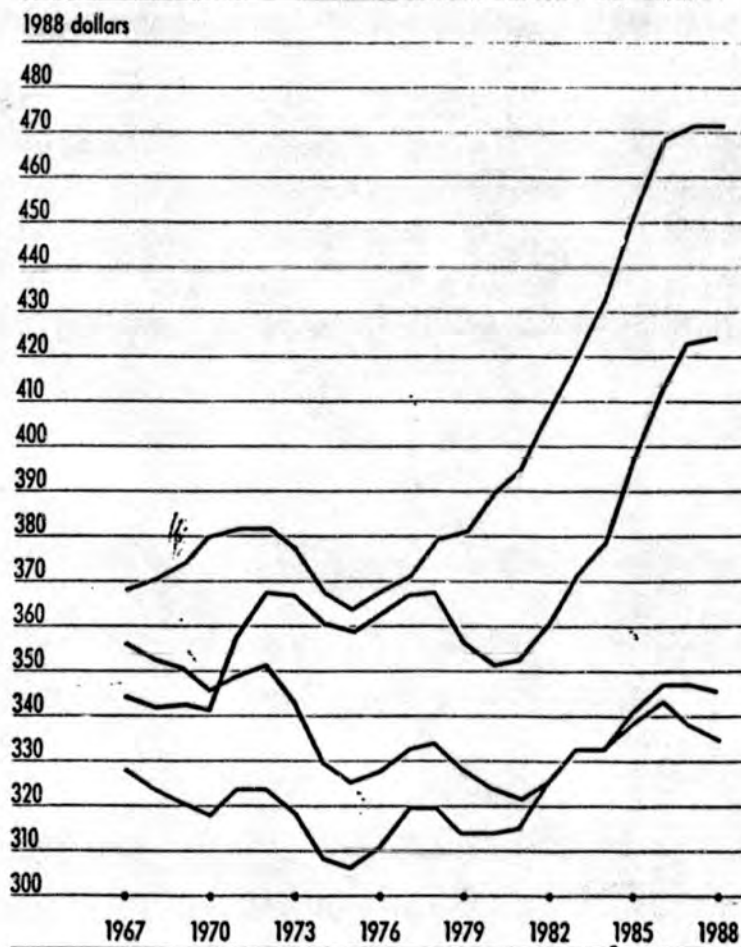
The rapid rent increases in the Northeast and the West mirror the dwindling number of low-cost, privately owned, unsubsidized dwelling units (Exhibit 7). Between 1974 and 1985, the number of these units in the Northeast fell by nearly 45 percent, with particularly dramatic declines during the first half of the 1980s. Equally sharp declines occurred in the West, but percentage losses were somewhat more modest in the South and the Midwest. Indeed, the Midwest actually posted a small absolute increase in the total number of units renting for less than \$300 per month—reflecting the addition of more than enough subsidized units to offset the decline of unsubsidized units.

Further Cost Increases Ahead

There is little reason to believe that housing costs—for either homeowners or renters—will improve noticeably in the near term. In the spring of 1989, mortgage interest rates are higher than they were a year ago, adding

Exhibit 6

Gross Rents by Region



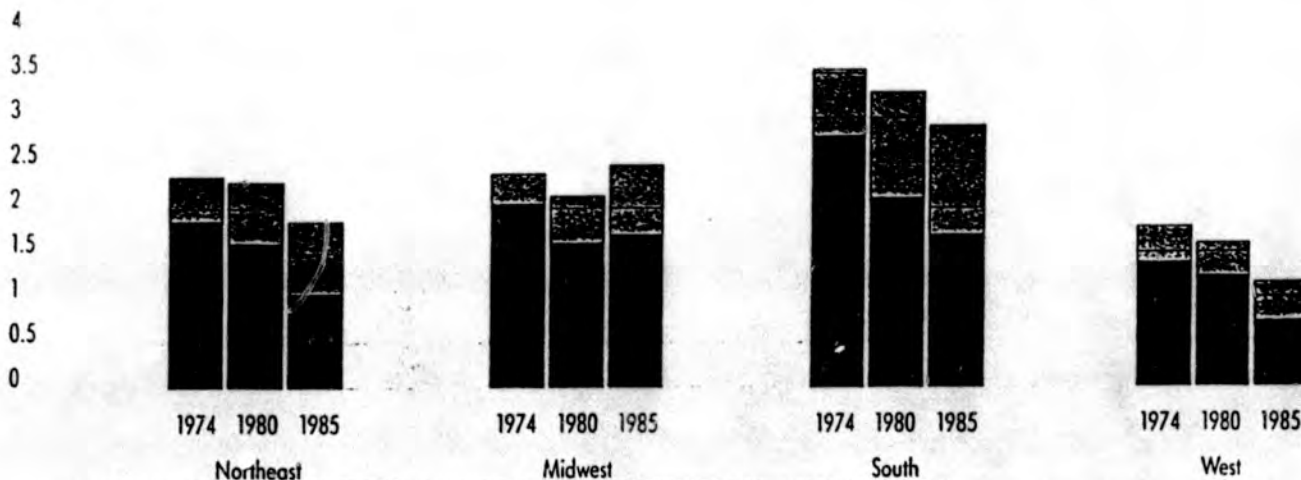
SOURCE: Appendix Tables 2-5.

■ Northeast
■ Midwest
■ South
■ West

Exhibit 7

Housing Stock Renting for Less than \$300

Millions of units



SOURCE: Appendix Table 7.

■ Unsubsidized

■ Subsidized

further pressure to first-time homebuyers. Because of tax reform, a larger share of any increase in interest rates will pass through to the after-tax cash and total costs of housing, further reducing the ability of potential first-time buyers to manage higher mortgage payments.

It seems equally unlikely that rents will ease as more low-cost units steadily disappear from the inventory. Tax reform has substantially reduced the incentives to build market-rate rental apartments, while budget cutbacks have virtually halted the construction of subsidized housing. Even during the buildup of subsidized units between 1974 and 1985, the total stock of low-cost units declined. A 1988 report by the National Low Income Housing Preservation Commission predicts that some 523,000 units subsidized by the U.S. Department of Housing and Urban Development are at risk of being lost over the next 15 years to either expiring

use restrictions (that permit conversion to higher-income occupancy) or weak financial conditions that result in disinvestment and abandonment.

Public attention tends to focus on the need to maintain the current stock of subsidized housing, but curbing the loss of privately owned, unsubsidized units is also essential. American Housing Survey data for 1985 suggest that some 30 percent of the nearly 5.7 million unsubsidized units renting for less than \$300 are physically inadequate and at risk of loss (Appendix Table 11). In many areas of the country, a rent of \$300 or less does not cover the owner's costs of maintaining and operating the property. As a result, if the owner is unable to rent the unit for more than this amount, the unit will eventually fall into disrepair and ultimately be removed from the housing stock. If this view is correct, the loss of low-cost units is likely to persist in the future.

HOUSEHOLDS IN THE 1990s

Demographic factors are the major driving force behind long-term trends in the demand for housing. After a surge in the 1970s, the growth in the number of households is now on a decline that will last for the balance of the century. With the aging of the baby-boom generation and the arrival of the baby-bust generation into the prime household-formation years, the rate of household growth will slow from 1.5 million per year currently to 1.2 million in the early 1990s and to 1.1 million in the late 1990s.

Along with the changing age structure of the population, the projected slowdown in household growth reflects a drop in headship rates, or the proportion of any given age group that forms independent households. High housing costs suggest that the headship rate for individuals under 35 will continue to fall in the 1990s. At the same time, trends toward delayed marriage and

childbearing and increased longevity will radically alter the composition of the households that are formed. These changes will in turn influence the growth of household income and wealth and the composition of the nation's low-income population.

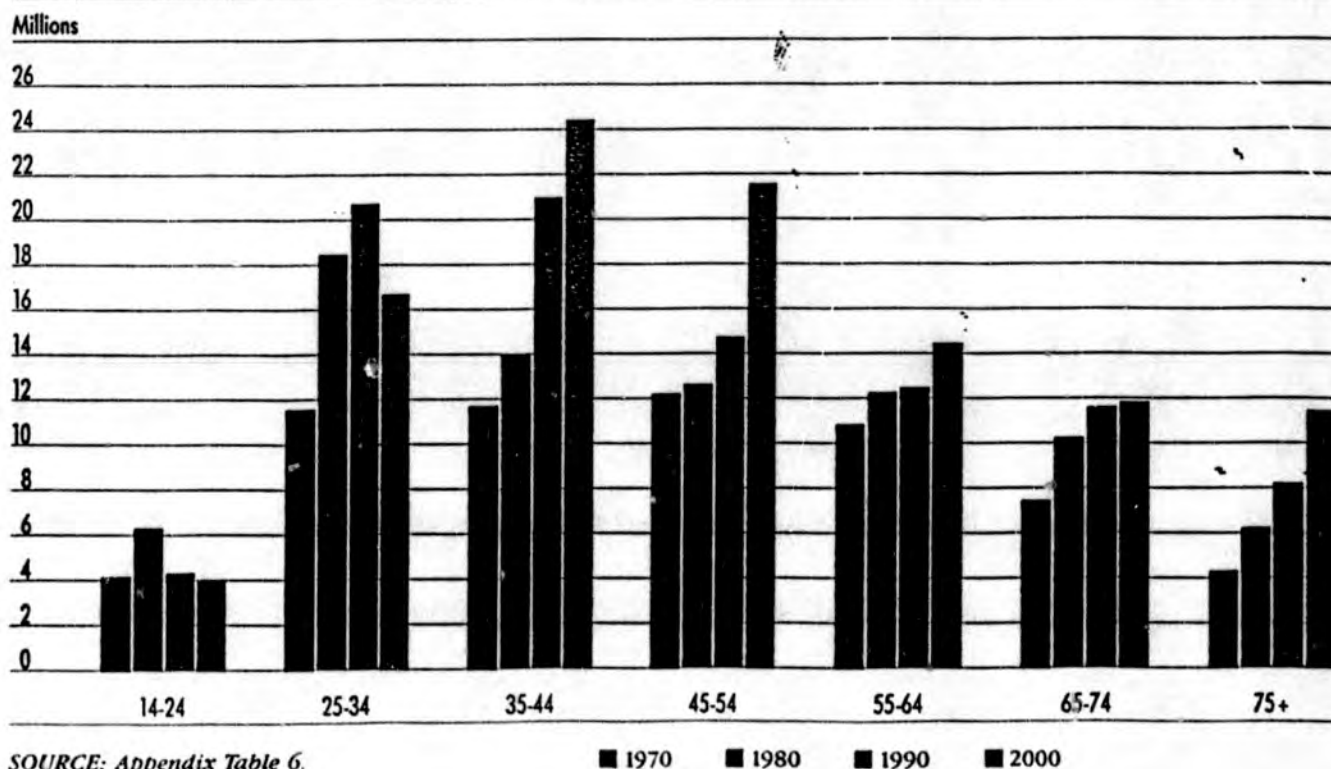
Significant Changes in Household Composition

The aging of the baby-boom generation has boosted the number of households with heads aged 25 to 34, although recent declines in headship rates have limited the magnitude of this increase. In the 1990s, however, the combination of a shrinking population in this age group and a declining propensity to form households will produce a substantial drop in households headed by 25-34 year-olds (Exhibit 8).

The changing age structure of the pop-

Exhibit 8

Households by Age of Head



SOURCE: Appendix Table 6.

ulation has also spurred sharp increases in the number of households aged 35 to 44 during the 1980s. While growth of this group will continue into the 1990s, the baby boom will by then have moved to the next age group and the sharpest increases in households will be among those with heads aged 45 to 54.

Rising headship rates among older individuals are expected to add to the number of households with heads aged 55 or older. In this instance, the increase in headship rates largely reflects the improved health of the nation's elderly and their increased ability to maintain independent households. This ability to live independently is enhanced by the fact that many older Americans already own homes and are therefore shielded from the recent runup in costs.

Along with the changing age structure of the population, delayed marriage and childbearing, as well as high rates of divorce and childbearing outside of marriage, are also altering the composition of the nation's households. The number of people living alone, for example, is expected to more than double between 1970 and 1990. The number of single-parent and other nontraditional households has also risen more than 100 percent over the past 20 years. Each of these trends is expected to continue through the end of this century.

In the meantime, the number of married couples with children has remained relatively stable: after falling to 25 million in 1980, the number of these households is now edging back up. The number of married-couple households without children is projected to grow more rapidly in the 1990s as couples delay childbearing and the number of "empty nesters" (older couples whose children have left home) continues to rise.

As a result, increasing numbers of children will live in nontraditional house-

holds. In 1970, married couples headed some 88 percent of all households with children; by the year 2000, that share will drop to just 74 percent. During the same 30-year span, the number of households headed by single parents will increase 160 percent, from 3.2 million to 8.9 million. (For detailed forecasts, see Appendix Table 8.)

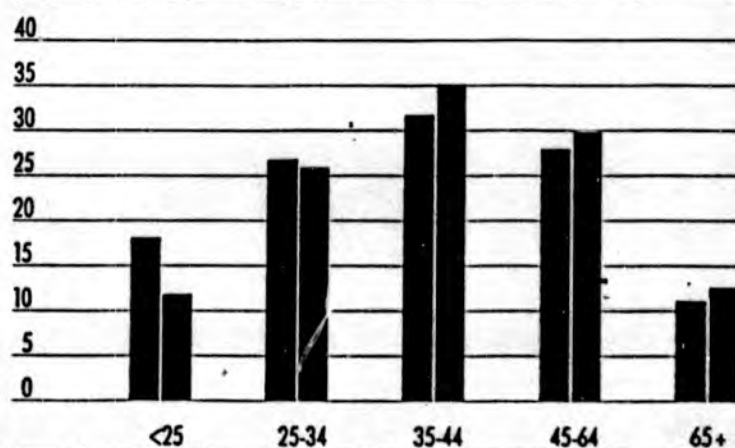
Growing Income Inequality

Measured in real terms, the incomes of today's young households are lower than those of their counterparts of 15 years ago. From 1974 to 1988, the median income of households with heads under the age of 25 fell by 28 percent (from \$17,896 to \$12,969), while the income of households with heads aged 25 to 34 fell 6 percent (from \$27,357 to \$25,795). At the same time, though, the incomes of households headed by individuals over the age of 35 continued to rise, with the sharpest percentage gains recorded among households with heads aged 65 and older (Exhibit 9).

Exhibit 9

Median Household Income by Age of Head

Thousands of 1988 dollars



SOURCE: Appendix Table 9.

■ 1974 ■ 1988

The rapid growth of the young-adult population in the 1970s put a squeeze on wages for many entry-level jobs. As a result, the decline in real income affected a wide range of young households, but the drop among young single-parent families is particularly noteworthy. Rising divorce rates and increases in teenage pregnancy have added to the number of economically disadvantaged single-parent households; rapid inflation eroded their real incomes during the 1970s, and cutbacks in income transfer programs benefiting young families further reduced their resources in the 1980s. Last year, the median income for single-parent households with heads aged 25 to 34 was \$11,161—9 percent below the figure recorded for similar households in 1974. For single-parent households under age 25, the median income last year was just \$6,113—down 15 percent from the 1974 figure (Appendix Table 9).

The inability of household income to keep pace with housing costs has not only limited the homeownership opportunities of young households, but it has also magnified the income differences between owners and renters. A growing share of the nation's homeowners are aged 45 and over, many of whom purchased their homes before the escalation in housing prices during the 1970s. At the same time, the share of renters who are young and poor is rising.

Today, some 7.7 million renters have incomes at or below the poverty level, an increase of 56 percent from the 1974 level (Exhibit 10). By comparison, the number of poverty-level homeowners increased by only 14.8 percent over the same period. Consistent with their declining incomes, single-parent families have accounted for much of the rise in the number of renter households living in poverty.

Homeownership and Economic Well-Being

Although it is widely accepted that homeownership is central to the financial security of U.S. households, this belief is surprisingly difficult to document. Recently released Federal Reserve Board data do, however, help to quantify the importance of equity buildup in household wealth accumulation. Net of mortgage debt, median homeowner

Exhibit 10

The Changing Composition of Poverty Households (Thousands)

	Owner			Renter		
	1974	1988	Percent Change	1974	1988	Percent Change
Head Aged Under 65						
Single	435	665	52.8	1,014	1,507	48.7
Married With Children	900	736	-18.3	820	1,085	32.3
Married Without Children	473	434	-8.2	287	292	1.7
Single Parent With Children	391	484	23.8	1,384	2,715	96.2
Other Households	202	326	61.6	414	838	102.5
Subtotal	2,401	2,645	10.2	3,919	6,437	64.3
Head Aged 65 and Over						
Single	824	1,011	22.7	859	1,025	19.3
Married	274	362	32.1	113	140	23.5
Other Households	163	186	14.1	74	140	89.6
Subtotal	1,261	1,559	23.6	1,046	1,304	24.7
Total	3,662	4,204	14.8	4,965	7,742	55.9

SOURCE: Appendix Table 9.

equity is nearly \$45,000 (Exhibit 11). Equity increases with the homeowner's age because older households generally have lived in their homes longer and have little or no mortgage debt.

These statistics have several important implications. First, the equity buildup associated with homeownership appears to magnify differences in income into larger disparities in wealth. Indeed, for each age and race group, differences in owner and renter wealth are many times greater than differences in income.

Second, the lack of homeownership opportunities for blacks has undermined their ability to accumulate wealth. Lower household incomes, together with discrimination in the housing market, held the homeownership rate for blacks to 44 percent

in 1988, compared with a rate for whites of 67 percent. In addition, homeownership opportunities for blacks have generally been limited to areas that have experienced less house price appreciation. As a result, the equity buildup of black homeowners has lagged behind that of their white counterparts.

The common thread of these observations is that homeownership enhances economic well-being. For decades, improved housing conditions have been an important element in the upward mobility of American families and individuals. But because of the growing poverty population and continuing high housing costs, fewer households will be able to share in this progress in the years ahead.

Exhibit 11

Household Income and Wealth (1988 dollars)

	TOTAL	Age of Head			Race of Head		
		34 and Under	35-64	65 and Over	White	Black	Hispanic
Owners							
Median Income	29,685	32,384	37,781	18,351	31,892	17,272	36,702
Median Net Wealth	82,010	37,649	86,076	107,947	88,999	36,589	69,137
Median Equity	44,535	21,589	48,716	53,974	48,576	29,284	67,458
Renters							
Median Income	18,351	18,351	22,669	9,508	21,589	12,414	17,272
Median Net Wealth	4,885	4,831	6,369	2,593	7,318	702	9,141
All Households							
Median Income	24,828	23,748	32,384	16,192	26,987	13,947	23,748
Median Net Wealth	46,066	16,636	58,845	70,442	56,117	10,795	20,855

NOTE: Data pertain to income and wealth reported in 1986.

SOURCE: Federal Reserve Board, Survey of Consumer Finance, 1986.

OPPORTUNITIES FOR HOMEOWNERSHIP

To make the transition to homeownership, a first-time buyer must have both the up-front cash (downpayment plus closing costs) to purchase the home and the income sufficient to cover the monthly mortgage payments and other ongoing costs of owning a home. House prices and mortgage terms largely determine the magnitude of these costs, while income and accumulated wealth determine the ability of a household to make these payments.

For most homeowners, their house is their largest single asset and home equity accumulation provides much of their wealth at retirement. Today, many young renters are unable to make the transition to homeownership because they cannot meet these financial requirements. To the extent that these households stay locked out of the owner market for a long period of time, it is increasingly difficult for them to make up for the lost wealth accumulation. Moreover, those households that have to remain renters bid up the market prices of rental housing, thus adding to the rent burdens of low-income households.

Declining Homeownership Rates

Over the past two decades, both the downpayment and after-tax cash cost burdens of homeownership have drifted upward (Exhibit 12). These burden measures are based on the costs of buying a home of constant quality (defined as having the characteristics of the median-priced home purchased by first-time buyers in 1977) as a percent of the median income of potential first-time buyers (defined as a married-couple, renter household with head aged 25-29).

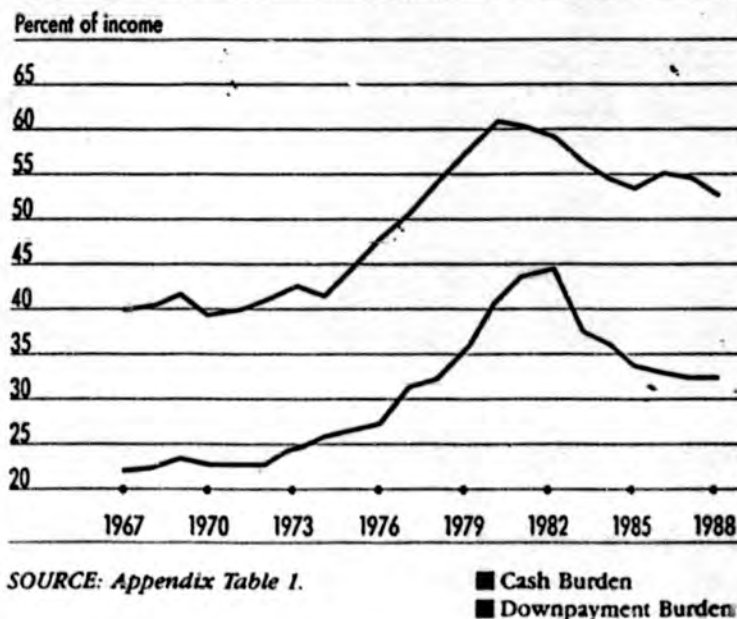
Although down from their peak in the early 1980s (due primarily to the decline in mortgage rates), the after-tax cash costs of homeownership remain high relative to the incomes of potential first-time buyers. In 1988, the cash cost burden was 32.8 percent of income, unchanged from 1987 but some 50 percent higher than the share of income required to pay for the typical starter home in the early 1970s.

The downpayment burden also peaked in the early 1980s, but because the downpayment is a function of house prices rather than mortgage rates, its decline has been only modest. The improvement that has occurred reflects a slight easing of real house prices, along with moderate growth in incomes. In 1988, the downpayment burden represented 54.5 percent of the first-time buyer's income, up 25 percent from the early 1970s.

The high costs of buying a first home—both in terms of the up-front cash outlays required and the after-tax cash costs—have

Exhibit 12

Cash and Downpayment Burdens



forced many households to delay or abandon the effort to become homeowners. The national homeownership rate stood at 63.9 percent in 1988, off slightly from the 64.0 percent of 1987 but well below the 1980 figure of 65.6 percent. The drop-off in homeownership rates is most dramatic for younger households: between 1980 and 1988, the homeownership rate among 25-29 year-olds fell from 43.3 percent to 36.2 percent, while that for 30-34 year-olds fell from 61.1 percent to 52.6 percent (Exhibit 13). Nationwide, some 2 million more young households would own homes today if ownership rates had remained stable since 1980.

Offsetting part of the decline in the number of young homeowners, however, is an increase in the number of elderly owners. In 1988, the homeownership rate for all households with heads aged 65 and older stood at 75 percent; for elderly married couples, the rate was 89 percent (Appendix

Table 13). Many of these elderly households already owned homes before housing costs took off in the 1970s and early 1980s; indeed, for these households, rising home prices meant added equity and wealth.

Some analysts attribute the decline in homeownership rates to changes in the mix of household types, particularly to the increase in the number of young people who choose to delay marriage, childbearing, and homebuying. Yet these factors do not explain why homeownership rates also fell for young married couples—historically the group with the highest homeownership rates among young households (Appendix Table 13). For 25-34 year-old married couples with children, the rate fell from 71.1 percent in 1980 to 62.7 percent in 1988; for young couples without children, the rate fell from 58.3 percent to 53.5 percent.

Not only has homeownership declined among a wide range of young household types, but it has also fallen in a wide range of geographic locations. Despite the great disparity in house price inflation across regions, homeownership rates among households with heads aged 25 to 34 are down throughout the country (Exhibit 14). In principle, house price inflation can have two opposing impacts on housing demand and homeownership: it makes housing a more attractive investment by increasing the potential for equity buildup, but it also limits the ability of many households to buy because it raises the size of the downpayment and the income required to qualify for a mortgage.

Overall, there is no clear evidence that house price inflation has encouraged the growth of homeownership. During much of the 1970s, the most rapid house price inflation in the country occurred in the West; since 1983, price inflation has been strongest in the Northeast. Consequently, home-

Exhibit 13

Homeownership Rates by Age of Household Head (Percent)

Age	1973	1976	1980	1983	1988
Under 25	23.4	21.0	21.3	19.3	15.5
25-29	43.6	43.2	43.3	38.2	36.2
30-34	60.2	62.4	61.1	55.7	52.6
35-39	68.5	69.0	70.8	65.8	63.2
40-44	72.9	73.9	74.2	74.2	71.4
45-54	76.1	77.4	77.7	77.1	76.0
55-64	75.7	77.2	79.3	80.5	79.6
65-74	71.3	72.7	75.2	76.9	78.2
75+	67.1	67.2	67.8	71.6	70.4
Total	64.4	64.8	65.6	64.9	63.9

SOURCE: American Housing Survey, 1973-80; Current Population Survey, 1983-88.

ownership was a good investment in the West during the 1970s and in the Northeast during the 1980s. Nevertheless, the homeownership rate for young households has been falling in the West since 1973. In the Northeast, despite the strong economic growth, the homeownership rate for young households has remained flat since 1983. These patterns suggest that the higher house prices in these regions constrained, rather than enhanced, homeowner opportunities.

Qualifying for Homeownership

For those households with limited income and wealth, rising house prices simply make homeownership an even more distant goal. Analysis of the Federal Reserve Board's 1986 Survey of Consumer Finance illustrates the relative importance of the income and up-front cash constraints to potential home-

buyers. As defined earlier in this study, the representative starter home was priced at \$69,154 in 1986. Given a 25-year, fixed-rate mortgage at 9.8 percent and a 20 percent downpayment, the minimum income required to qualify for the loan is \$24,793 and the up-front cash required at closing is \$15,010.

By comparison, renters aged 25 to 34 had a median income of \$19,430 and a median net worth of \$4,851 in 1986. For these calculations, wealth available for a downpayment and associated closing costs on a house is defined as net worth less the household's equity in its car. For these young renters, the median net worth less the car is \$2,159.

Based on these assumptions and using regional housing price, income, and wealth data, 57 percent of the estimated 11.1 million households aged 25 to 34 in 1986 had

Exhibit 14

Homeownership Rates by Region



NOTE: Rates are for young households with heads aged 25-34.

SOURCE: Appendix Table 10.

■ 1973 ■ 1976 ■ 1980
■ 1983 ■ 1988

neither the income nor the accumulated wealth necessary to purchase the representative first home (Exhibit 15). The up-front cash cost (20 percent downpayment and associated closing costs) was the toughest barrier to overcome: 81 percent did not have the accumulated wealth necessary to meet this requirement, while 64 percent did not have the income necessary to qualify for the mortgage. Only 11.5 percent, or 1.28 million households, had both the income and wealth needed to become homeowners.

Many of the government programs created to make homeownership affordable offer to finance more of the purchase price (reducing the downpayment required) or lower the mortgage interest rate (reducing the income needed to qualify for the loan). In this example, decreasing the downpayment for the representative starter home to 10 percent of the purchase price would lower the up-front cash required by \$6,768 (from \$15,010 to \$8,242). If the mortgage interest rate remains at 9.8 percent, however, the income required to qualify for the loan jumps to \$28,306, because the household must borrow more. Alternatively, if the downpayment remains at 20 percent but the mortgage interest rate is reduced to 8.3 percent (a discount similar to that provided through the mortgage revenue bond program), the income required to qualify for a loan falls to \$22,345.

Compared with the base case, another 670,000 households (52 percent more) could purchase the representative home if they had access to a 10 percent downpayment and a reduced mortgage interest rate of 8.3 percent (Exhibit 16). Offering a third mortgage plan that reduces the downpayment to 5 percent would make an additional 188,000 households (almost 10 percent more) eligible for homeownership.

Exhibit 15

Young Renters Qualifying to Purchase First Home (Thousands)

	Do Not Meet Income Requirement	Do Meet Income Requirement	Total
Do Not Meet Downpayment Requirement	6,333 (57.0%)	2,691 (24.2%)	9,024 (81.2%)
Do Meet Downpayment Requirement	810 (7.3%)	1,282 (11.5%)	2,092 (18.8%)
Total	7,143 (64.3%)	3,972 (35.7%)	11,116 (100.0%)

NOTE: Data refer to renter household heads aged 25 to 34, purchasing representative starter home with 20 percent downpayment and a 25-year fixed mortgage at 9.8 percent.

SOURCE: Federal Reserve Board, Survey of Consumer Finance, 1986.

Exhibit 16

Alternative Mortgage Plans (1988 dollars)

	Base Case 20% Down, 9.8% Rate	10% Down, 8.3% Rate	5% Down, 8.3% Rate
Required Income	\$24,793	\$25,552	\$26,785
Up-front Cash	\$15,010	\$8,242	\$4,857
Qualified Renters (Thousands)	1,282	1,952	2,140

NOTE: Required income and up-front costs are based on national median house price and income in 1986; the number of renters that qualify is based on median house prices and incomes for the four Census regions. The income requirement assumes a housing expense-to-income ratio of .28.

SOURCE: Federal Reserve Board, Survey of Consumer Finance, 1986.

Reversing the Decline in Homeownership

The examples presented in this section refer to a potential first-time buyer of the representative starter home; actual homebuyers, of course, tend to have higher incomes and choose units of varying prices in a marketplace that offers many distinct mortgage plans. According to the American Housing Survey, the median income of actual first-time buyers in 1985 was \$37,446, compared with \$24,611 for the representative first-time buyer group (married-couple, renter households with heads aged 25 to 29) and \$16,083 for all renters. Given that the up-front cash cost presents the biggest hurdle, potential buyers face a difficult situation: they must accumulate enough savings to make the downpayment, but they lack access to the most important source of wealth accumulation—the home itself. Clearly, only those renters with relatively high incomes succeed in becoming homeowners.

The best approach to assisting young first-time buyers is open to debate. Some households will require downpayment assistance or help with the monthly carrying costs. For others, homeowner assistance programs could be self-financing; over time, the incomes of many young owners are likely to increase and, as noted, homeownership usually yields substantial equity buildup. In many instances, financial assistance with the up-front costs or mortgage payments could be repaid in full or in part over the course of the loan or when the home is sold. In light of the contribution homeownership makes to the long-term economic well-being of households, a wide range of efforts to expand homeownership opportunities deserves attention.

The Current Population Survey, the official source of data on the characteristics of households living in poverty, contains no information on housing cost or quality. This has limited the ability of analysts to assess the housing conditions of those households with incomes below federally established poverty thresholds. Applying the official poverty thresholds to American Housing Survey data, however, allows a comprehensive look at this problem.

The picture that emerges is bleak. Despite increases in the number of subsidized units, the growing poverty-level population must compete with the non-poor for a dwindling supply of low-cost housing. As a

result, poverty-level households today must pay a substantially larger share of their incomes for housing than they did in the mid-1970s.

Housing Cost and Quality

The rising cost of housing places the most pressure on the nation's poverty-level population. According to the 1985 American Housing Survey, some 6.6 million poverty-level households spend more than half their incomes for housing (Exhibit 17). Although many types of poor households face a high payments burden, the problem is particularly acute for young, single parents with

Exhibit 17

Housing Cost Burden for Poverty Households, 1985 (1988 dollars)

	Median Monthly Housing Cost		Households (Thousands)		Paying More Than 50% Of Income For Housing
	Owners	Renters	Owners	Renters	Percent Owners
Under 65					
Single	189	259	240	1,083	64.7
Married With Children	309	350	237	590	51.9
Married Without Children	229	292	199	207	60.1
Single With Children	377	319	207	1,762	69.3
Other	211	371	118	762	57.6
Total	252	314	1,001	4,403	60.2
65 and Older					
Single	148	163	343	479	45.3
Married	207	296	163	70	73.2
Other	180	262	68	72	49.5
Total	162	182	573	621	51.4

NOTE: Excludes households with reported housing cost of \$0. For renters, excludes single-unit structures on 10 acres more. For owners, limited to single-unit structures on less than 10 acres and no business property.

SOURCE: Joint Center for Housing Studies tabulations of the 1985 American Housing Survey.

children; of this group, 1.8 million (or 71 percent) devote more than 50 percent of their limited incomes to housing.

Unfortunately, even paying a high share of its income for housing does not guarantee that a poverty-level household is able to secure adequate living conditions. As defined by an index of housing quality initially developed by the U.S. Department of Housing and Urban Development, some 10.3 percent of all occupied dwelling units are moderately or severely inadequate (Exhibit 18). Poor households are more likely than non-poor households to live in inadequate housing, particularly in rural areas where both the owned and rental stock is of low quality.

These findings support the results of a study by the National Low-Income Housing Coalition and the Center for Budget and Policy Priorities, entitled *A Place to Call Home: The Crisis in Housing for the Poor*. This report notes that inadequate housing and high payment burdens are common to poverty-level families and individuals regard-

less of race. Moreover, these problems are found in diverse geographic areas ranging from outlying rural areas to inner-city neighborhoods. The poor may differ in many respects, but the vast majority devote relatively large shares of their resources to secure what is often marginally livable housing.

Housing Cost Burden Grows

Today's high rental cost burden results from the persistent increase in rents relative to the income of renters over the past 15 years. The rental cost burden for the representative unit—measured in terms of either gross rent or contract rent—remained at record levels in 1988 (Exhibit 19). What is striking is that the strong economic recovery that began in 1982 has done little to ease this burden.

The increases in cost burden for poverty households have been even sharper. Measured in 1988 dollars, the median housing cost for all poor households (owners and renters) jumped 28 percent between

Exhibit 18

Households Living in Inadequate Housing, 1985

	All Households			Poverty-Level Households		
	Total	Number of Inadequate Units	Percent Inadequate	Total	Number of Inadequate Units	Percent Inadequate
Urban	66,349	6,468	9.7	8,943	2,056	23.0
Owner	38,551	2,365	6.1	2,340	405	17.3
Renter	27,799	4,103	14.8	6,603	1,651	25.0
Rural	22,076	2,657	12.0	3,096	791	25.5
Owner	17,595	1,754	10.0	1,885	438	23.3
Renter	4,481	903	20.1	1,210	352	29.1
Total	88,425	9,125	10.3	12,039	2,847	23.6

NOTE: Housing inadequacy is defined in terms of presence or absence of plumbing fixtures, heating equipment, and other mechanical subsystems, as well as information on the repair and upkeep of properties.

SOURCE: Joint Center for Housing Studies tabulations of the 1985 American Housing Survey.

1974 and 1985 (Exhibit 20). The rise was somewhat more moderate for poverty-level owners than for renters, which only underscores the fact that homeownership serves as a buffer against high and rising costs.

Poverty-level renters had no such buffer; payments for this group climbed nearly 30 percent in 1974-85. Because of changing program standards, rents even increased for poverty-level households living in subsidized housing. The situation of renters living in unsubsidized housing is particularly troubling; their median rents increased by \$85 during this period, reaching \$336 in 1985. Increases ranged from \$52 in the Midwest to \$112 in the South. The sharp increase in the South undoubtedly reflects the growing concentration of poor households in urban areas where low-cost housing units are rapidly disappearing.

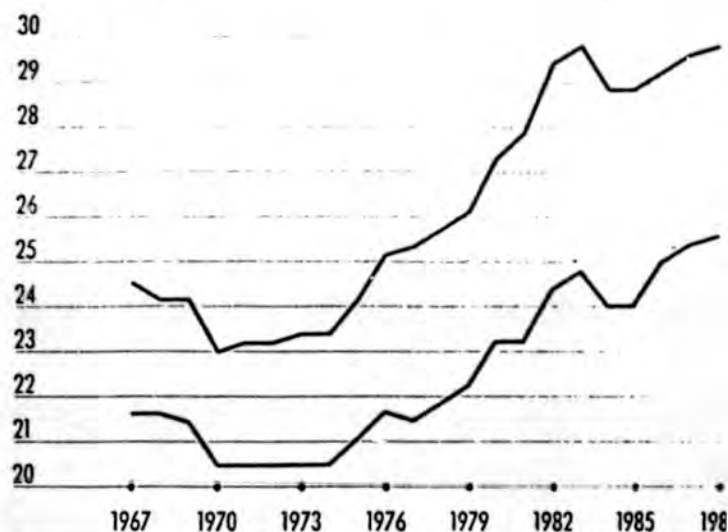
The rising housing cost burden of the poor is not a statistical artifact, but results from progressive tightening at the low end of the market. Between 1974 and 1985, the supply of subsidized rental housing nearly doubled. Most of the subsidies aided households at the lowest end of the income distribution; poverty-level families occupied 53 percent of the subsidized units in 1985, up from 40 percent in 1974 (Exhibit 21).

Unfortunately, the number of subsidized units has virtually stopped growing, while the number of poor households continues to rise. In 1985, 5.0 million poverty-level renters lived in unsubsidized housing, compared with 3.5 million in 1974. As a result, increasing numbers of poor households must compete with the near-poor for the shrinking supply of low-cost housing. This competition has driven up rents and boosted the number of unsubsidized, poverty-level renters paying more than \$300 per month for rent from 1.3 million in 1974 to 3.0 million in 1985 (Appendix Table 6).

Exhibit 19

Rental Cost Burden

Percent of income



SOURCE: Appendix Table 1.

■ Contract Rent
■ Gross Rent

Exhibit 20

Housing Costs for Poverty-Level Households

	1974	1985	Percent Change
Renters			
Subsidized Units	123	169	37.4
Unsubsidized Units	251	336	33.9
All Poverty Units	228	297	30.3
Homeowners	176	202	14.8
All	212	272	28.3

NOTE: Data refer to median gross rents or homeowner cash costs expressed in 1988 dollars. Excludes households with reported housing cost of \$0. For renters, excludes single-unit structures on 10 acres or more. For owners, limited to single-unit structures on less than 10 acres and no business property.

SOURCE: Joint Center for Housing Studies tabulations of American Housing Survey data.

Is There a Crisis?

Despite clear evidence to the contrary, many policymakers take issue with the claim that there is a housing crisis for the poor. The blueprint for much of federal housing policy in the 1980s was set forth in the 1982 report of the President's Commission on Housing, which concluded that the rental cost burden had not increased in the period since 1974. Even today, it is common for policy analysts to suggest that the housing problems of the poor stem primarily from their lack of income rather than from higher costs of housing.

At best, these reports are misleading; at worst, they detract attention from an alarming situation. While the appropriate policy response is open to debate, there can be no doubt that housing costs have risen faster than the incomes of renter households. Current housing assistance efforts are simply inadequate. Much of the existing stock of unsubsidized, low-cost housing is at risk of loss to either abandonment or upgrading. A sizable portion of the stock of subsidized units is also at risk of loss because of expiring use restrictions and budget cutbacks. Additional funds will be necessary to preserve and expand the supply of low-cost rental housing.

Exhibit 21

Subsidy Status of Renter Households (Thousands)

	1974	1985	Percent Change
Non-Poverty			
Subsidized	1,289	1,961	52.1
Unsubsidized	17,411	20,901	20.0
All Non-Poverty Renters	18,700	22,864	22.3
Poverty			
Subsidized	856	2,219	159.2
Unsubsidized	3,539	4,971	40.5
All Poverty Renters	4,396	7,189	63.5
Total Renters			
Subsidized	2,145	4,181	94.9
Unsubsidized	20,950	25,873	23.5
All Renters	23,095	30,054	30.1

NOTE: Excludes households with reported housing cost of \$0. For renters, excludes single-unit structures on 10 acres or more. For owners, limited to single-unit structures on less than 10 acres and no business property.

SOURCE: Joint Center for Housing Studies tabulations of American Housing Survey data.

CONCLUSION

Housing conditions have long been viewed as an important barometer of national economic and social progress. Homeownership provides a large portion of accumulated wealth for most households and is a primary source of financial security at retirement. The high costs of homeownership—in part the result of the eroded tax incentives under tax reform—have reduced homeownership opportunities, particularly for young households. To the extent that these households delay or abandon the goal of homeownership, their economic security at retirement is threatened.

Record-level rents block households from progressing up the economic ladder. Low-income renters must compete for the shrinking supply of low-cost housing, a situation that is likely to worsen. Federal budget cutbacks and expiring use restrictions threaten the subsidized housing stock, while upgrading and abandonment put much of the unsubsidized, low-cost stock at risk of loss.

The growing poverty population and the decline in homeownership rates among the young are likely to contribute to further increases in inequality in income and wealth. Because it is rooted in fundamental social, economic, and demographic factors, this trend is not easily reversed. Left unchecked it threatens to produce a permanent underclass of disadvantaged renters and to jeopardize the long-term financial security of future generations.

Specific solutions to the housing problems identified in this report are subject to debate, but there can be no denial that these problems are severe and merit attention. Building on the evidence presented here, policymakers must act to develop creative approaches to advance the goal of decent housing for all.

APPENDICES

Appendix Table 1

Income and Housing Costs, U.S. Totals: 1967-1988 (1988 dollars)

Year	Income			Owner Costs										Renter Costs			Cost as Percent of Income			
	Total Owner	Total Renter	Young Renter	House Price	Mortgage Rate	Mortgage Payment	Other Costs	Before-Tax Cash	Tax Savings	After-Tax Cash	Equity Buildup	Total Cost	Contract Rent	Gross Rent	Other Costs	First-Time Buyers		All Renters		
																Cash Burden	Total Burden	Contract Rent Burden	Gross Rent Burden	
1967	\$26,731	\$17,277	\$26,079	\$53,885	6.40%	\$3,501	\$2,607	\$ 6,107	\$ 306	\$ 5,801	\$1,588	\$4,777	\$311	\$351	\$40	22.2%	18.3%	21.6%	24.4%	
1968	\$26,643	\$17,239	\$26,016	\$54,539	6.90%	\$3,709	\$2,603	\$ 6,311	\$ 379	\$ 5,932	\$2,164	\$4,428	\$309	\$348	\$39	22.8%	17.0%	21.5%	24.2%	
1969	\$27,467	\$17,205	\$25,958	\$56,301	7.68%	\$4,103	\$2,628	\$ 6,732	\$ 489	\$ 6,242	\$2,993	\$4,087	\$309	\$348	\$39	24.0%	15.7%	21.6%	24.3%	
1970	\$27,737	\$18,015	\$27,165	\$55,029	8.20%	\$4,195	\$2,645	\$ 6,840	\$ 564	\$ 6,276	\$2,454	\$4,610	\$308	\$346	\$38	23.1%	17.0%	20.5%	23.0%	
1971	\$27,626	\$18,233	\$27,349	\$56,048	7.54%	\$4,038	\$2,743	\$ 6,781	\$ 398	\$ 6,383	\$2,564	\$4,401	\$313	\$353	\$40	23.3%	16.1%	20.6%	23.2%	
1972	\$28,590	\$18,437	\$27,789	\$57,744	7.38%	\$4,102	\$2,830	\$ 6,932	\$ 409	\$ 6,523	\$2,960	\$4,178	\$316	\$356	\$40	23.5%	15.0%	20.6%	23.2%	
1973	\$28,837	\$18,054	\$26,831	\$58,902	7.82%	\$4,347	\$2,806	\$ 7,153	\$ 370	\$ 6,783	\$3,898	\$3,795	\$311	\$351	\$40	25.3%	14.1%	20.7%	23.3%	
1974	\$29,179	\$17,553	\$27,127	\$58,545	8.77%	\$4,684	\$2,811	\$ 7,494	\$ 428	\$ 7,066	\$4,429	\$3,638	\$300	\$341	\$41	26.9%	13.4%	20.5%	23.3%	
1975	\$28,602	\$16,615	\$25,868	\$59,795	8.97%	\$4,858	\$2,823	\$ 7,681	\$ 500	\$ 7,181	\$5,086	\$2,948	\$293	\$336	\$43	27.8%	11.4%	21.1%	24.3%	
1976	\$28,822	\$16,299	\$25,045	\$61,355	8.90%	\$4,957	\$2,857	\$ 7,814	\$ 537	\$ 7,277	\$4,968	\$3,084	\$294	\$349	\$55	29.1%	12.3%	21.6%	25.0%	
1977	\$29,975	\$16,486	\$24,917	\$65,196	8.83%	\$5,236	\$2,936	\$ 8,172	\$ 154	\$ 8,018	\$6,063	\$2,807	\$296	\$390	\$94	32.2%	11.3%	21.5%	25.1%	
1978	\$29,603	\$16,387	\$25,374	\$70,211	9.40%	\$5,905	\$2,948	\$ 8,853	\$ 385	\$ 8,468	\$7,470	\$2,220	\$300	\$350	\$50	33.4%	8.7%	21.9%	25.6%	
1979	\$29,243	\$15,980	\$24,289	\$72,736	10.63%	\$6,723	\$2,836	\$ 9,560	\$ 565	\$ 8,995	\$8,267	\$2,317	\$294	\$344	\$50	37.0%	9.5%	22.1%	25.8%	
1980	\$28,559	\$15,145	\$23,511	\$72,884	12.53%	\$7,709	\$2,857	\$10,566	\$ 894	\$ 9,672	\$7,554	\$3,941	\$291	\$343	\$52	41.1%	16.8%	23.1%	27.7%	
1981	\$28,655	\$14,985	\$23,266	\$71,999	14.51%	\$8,650	\$2,897	\$11,547	\$1,200	\$10,347	\$6,229	\$4,308	\$290	\$345	\$55	44.5%	27.1%	23.2%	27.6%	
1982	\$28,756	\$14,626	\$22,806	\$69,661	14.78%	\$8,508	\$2,963	\$11,471	\$1,110	\$10,361	\$3,674	\$8,532	\$297	\$355	\$58	45.4%	37.4%	24.3%	29.1%	
1983	\$29,029	\$14,752	\$23,080	\$68,520	12.29%	\$7,130	\$2,968	\$10,098	\$ 858	\$ 9,240	\$2,237	\$8,469	\$303	\$364	\$61	40.0%	36.7%	24.7%	29.6%	
1984	\$29,749	\$15,501	\$23,936	\$68,184	12.00%	\$6,955	\$2,994	\$ 9,949	\$ 821	\$ 9,128	\$2,069	\$8,696	\$308	\$369	\$61	38.1%	36.3%	23.9%	28.5%	
1985	\$30,616	\$15,969	\$24,449	\$67,405	11.18%	\$6,507	\$2,967	\$ 9,473	\$ 732	\$ 8,741	\$1,935	\$8,120	\$318	\$378	\$60	35.8%	33.2%	23.9%	28.4%	
1986	\$31,627	\$16,083	\$24,611	\$69,111	9.80%	\$6,001	\$2,910	\$ 8,912	\$ 611	\$ 8,301	\$2,411	\$6,942	\$333	\$391	\$58	33.7%	28.2%	24.8%	29.2%	
1987	\$31,867	\$15,933	\$24,369	\$68,609	8.94%	\$5,561	\$2,843	\$ 8,404	\$ 409	\$ 7,995	\$2,146	\$6,917	\$337	\$392	\$55	32.8%	28.4%	25.3%	29.5%	
1988	\$32,300	\$15,900	\$24,300	\$65,949	9.01%	\$5,376	\$2,800	\$ 8,176	\$ 196	\$ 7,980	\$1,086	\$8,015	\$338	\$392	\$54	32.8%	33.0%	25.5%	29.6%	

1. Annual income of families and primary individuals, American Housing Survey, various years. Young renters defined as married-couple renters aged 25 to 29. All dollar amounts expressed in 1988 constant dollars using the Bureau of Labor Statistics Consumer Price Index (CPI-UXI) for All Items.

2. House Price is American Housing Survey median value of house purchased by first-time homebuyer aged 25-29 in 1977, indexed by Department of Census, Construction Reports C-27 Constant Quality Home Price Index. Mortgage Rates equal Federal Home Loan Bank Board contract mortgage rate. Mortgage Payments assume 25-year mortgage with 20% down. Other Costs include property tax, insurance, fuel and utilities, and maintenance. After-Tax Cash Cost equals Mortgage Payment plus Other Costs, less tax savings of homeownership. Tax Savings are based on the excess of housing (mortgage interest and real estate taxes) plus non-housing deductions over the standard deduction. Non-housing deductions are set at 5% of income through 1986. With Tax Reform, they decrease to 4.25% in 1987 and 3.5% in 1988. Total Cost equals

After-Tax Cash Cost plus opportunity cost of downpayment, amortization of fees and closing costs, less expected equity buildup. Expected equity buildup is estimated as a weighted average of the increases in house prices in the previous three years. (Weights are 1/2 for the previous year, 1/3 for the second year and 1/6 for the third year.) American Housing Survey data indexed by Bureau of Labor Statistics Consumer Price Indices for various components of housing cost.

3. Contract Rent equals median 1977 Contract Rent indexed by Joint Center for Housing Studies Contract Rent Index adopted from data from the Bureau of Labor Statistics Index of Residential Rent. Gross Rent equals Contract Rent plus fuel and utilities, property taxes, and insurance.

4. First Time Buyer Cost Burden is cost as a percent of income of potential homebuyer proxied by median family income of married-couple renters aged 25 to 29. Renter Cost Burden is annual rental payments as percent of median income of all renters.

Appendix Table 2

Income and Housing Costs, Northeast Region: 1967-1988 (1988 dollars)

Year	Income			Owner Costs										Renter Costs			Cost as Percent of Income			
	Total Owner	Total Renter	Young Renter	House Price	Mortgage Rate	Mortgage Payment	Other Costs	Before-Tax Cash	Tax Savings	After-Tax Cash	Equity Buildup	Total Cost	Contract Rent	Gross Rent	Other Costs	First Time Buyers		All Renters		
																A Burden	Total Burden	Contract Rent Burden	Gross Rent Burden	
1967	\$30,316	\$19,233	\$26,079	\$ 58,015	6.40%	\$3,769	\$3,341	\$ 7,110	\$ 457	\$ 6,654	\$ 2,633	\$4,627	\$304	\$344	\$40	25.5%	17.7%	19.0%	21.4%	
1968	\$29,777	\$19,120	\$26,016	\$ 61,350	6.90%	\$4,172	\$3,339	\$ 7,511	\$ 563	\$ 6,949	\$ 4,002	\$3,689	\$301	\$340	\$39	26.7%	14.2%	18.9%	21.3%	
1969	\$30,787	\$19,016	\$25,958	\$ 64,715	7.68%	\$4,680	\$3,383	\$ 8,063	\$ 696	\$ 7,367	\$ 4,671	\$3,652	\$303	\$341	\$39	28.4%	14.1%	19.1%	21.5%	
1970	\$31,168	\$19,730	\$27,165	\$ 65,068	8.20%	\$4,960	\$3,418	\$ 8,379	\$ 806	\$ 7,573	\$ 4,585	\$3,920	\$303	\$341	\$38	27.9%	14.4%	18.4%	20.7%	
1971	\$30,941	\$19,890	\$27,349	\$ 67,053	7.54%	\$4,831	\$3,564	\$ 8,395	\$ 646	\$ 7,749	\$ 4,242	\$4,203	\$318	\$357	\$39	28.3%	15.4%	19.2%	21.5%	
1972	\$30,728	\$20,040	\$27,521	\$ 69,600	7.38%	\$4,944	\$3,680	\$ 8,624	\$ 678	\$ 7,946	\$ 4,383	\$4,304	\$324	\$366	\$42	28.9%	15.6%	19.4%	21.9%	
1973	\$31,595	\$19,559	\$27,082	\$ 70,605	7.82%	\$5,210	\$3,720	\$ 8,931	\$ 634	\$ 8,297	\$ 4,762	\$4,625	\$325	\$366	\$42	30.6%	17.1%	19.9%	22.5%	
1974	\$31,914	\$18,693	\$28,951	\$ 69,922	8.78%	\$5,594	\$3,761	\$ 9,355	\$ 662	\$ 8,692	\$ 5,145	\$4,743	\$315	\$360	\$46	30.0%	16.4%	20.2%	23.1%	
1975	\$31,126	\$17,456	\$28,602	\$ 69,956	8.97%	\$5,684	\$3,713	\$ 9,397	\$ 725	\$ 8,671	\$ 5,226	\$4,444	\$310	\$358	\$48	30.3%	15.5%	21.3%	24.6%	
1976	\$31,008	\$17,094	\$27,231	\$ 68,838	8.90%	\$5,561	\$3,742	\$ 9,303	\$ 732	\$ 8,572	\$ 5,910	\$5,532	\$312	\$367	\$50	31.5%	20.3%	21.9%	25.4%	
1977	\$31,474	\$17,236	\$28,477	\$ 69,318	8.83%	\$5,567	\$3,801	\$ 9,368	\$ 391	\$ 8,976	\$ 5,883	\$6,000	\$313	\$365	\$52	31.5%	21.1%	21.8%	25.4%	
1978	\$30,836	\$16,916	\$28,017	\$ 72,433	9.40%	\$6,092	\$3,806	\$ 9,898	\$ 583	\$ 9,314	\$ 5,411	\$5,164	\$314	\$366	\$51	33.2%	18.4%	22.3%	25.9%	
1979	\$30,521	\$15,660	\$26,206	\$ 74,556	10.63%	\$6,892	\$3,663	\$10,555	\$ 727	\$ 9,828	\$ 7,252	\$4,205	\$303	\$335	\$51	37.5%	16.0%	23.2%	27.2%	
1980	\$30,579	\$15,434	\$23,800	\$ 73,916	12.53%	\$7,818	\$3,700	\$11,518	\$1,021	\$10,497	\$ 6,964	\$5,382	\$297	\$350	\$53	44.1%	22.6%	23.1%	27.2%	
1981	\$30,758	\$15,248	\$24,449	\$ 72,806	14.51%	\$8,747	\$3,795	\$12,542	\$1,331	\$11,210	\$ 5,950	\$7,474	\$296	\$352	\$56	45.9%	20.6%	23.3%	27.7%	
1982	\$30,615	\$15,122	\$24,913	\$ 72,139	14.78%	\$8,810	\$3,824	\$12,634	\$1,278	\$11,356	\$ 4,403	\$8,864	\$302	\$361	\$58	45.6%	35.6%	24.0%	28.6%	
1983	\$31,408	\$15,228	\$26,174	\$ 72,192	12.29%	\$7,512	\$3,763	\$11,275	\$1,046	\$10,228	\$ 3,412	\$8,360	\$311	\$371	\$60	39.1%	31.9%	24.5%	29.3%	
1984	\$32,256	\$15,159	\$25,759	\$ 76,417	12.00%	\$7,794	\$3,819	\$11,613	\$1,070	\$10,544	\$ 5,103	\$7,275	\$317	\$377	\$60	40.9%	28.2%	25.1%	29.8%	
1985	\$32,729	\$15,969	\$26,872	\$ 81,985	11.18%	\$7,890	\$3,773	\$11,664	\$1,076	\$10,588	\$ 6,865	\$5,317	\$329	\$388	\$59	39.4%	19.8%	24.8%	29.2%	
1986	\$33,894	\$16,731	\$28,173	\$ 95,293	9.80%	\$8,270	\$3,666	\$11,936	\$1,103	\$10,833	\$11,276	\$1,006	\$351	\$408	\$57	38.5%	3.6%	25.2%	29.2%	
1987	\$34,158	\$17,079	\$28,743	\$104,130	8.94%	\$8,440	\$3,590	\$12,029	\$ 894	\$11,134	\$12,182	\$ 576	\$362	\$415	\$53	38.7%	2.0%	25.4%	29.1%	
1988	\$34,600	\$17,400	\$29,300	\$103,154	9.01%	\$8,408	\$3,558	\$11,967	\$ 700	\$11,266	\$ 7,792	\$5,227	\$370	\$420	\$50	38.5%	17.8%	25.5%	29.0%	

Appendix Table 3

Income and Housing Costs, Midwest Region: 1967-1988 (1988 dollars)

Year	Income			Owner Costs									Renter Costs			Cost as Percent of Income			
	Total Owner	Total Renter	Young Renter	House Price	Mortgage Rate	Mortgage Payment	Other Costs	Before-Tax Cash	Tax Savings	After-Tax Cash	Equity Buildup	Total Cost	Contract Rent	Gross Rent	Other Costs	First-Time Buyers		All Renters	
																Cash Burden	Total Burden	Contract Rent Burden	Gross Rent Burden
1967	\$27,383	\$18,907	\$27,708	\$53,298	6.40%	\$3,462	\$2,517	\$5,979	\$309	\$5,670	\$2,238	\$3,989	\$315	\$356	\$41	20.5%	14.4%	20.0%	22.6%
1968	\$27,583	\$18,807	\$27,897	\$54,631	6.90%	\$3,715	\$2,516	\$6,231	\$391	\$5,840	\$2,785	\$3,716	\$311	\$351	\$40	20.9%	13.3%	19.8%	22.4%
1969	\$28,373	\$18,714	\$27,749	\$57,443	7.68%	\$4,187	\$2,542	\$6,729	\$518	\$6,210	\$3,816	\$3,249	\$310	\$349	\$40	22.4%	11.7%	19.9%	22.4%
1970	\$28,595	\$19,159	\$28,881	\$54,420	8.20%	\$4,149	\$2,560	\$6,709	\$565	\$6,144	\$2,041	\$4,882	\$305	\$345	\$40	21.3%	16.9%	19.1%	21.6%
1971	\$28,454	\$18,785	\$28,178	\$54,563	7.54%	\$3,931	\$2,622	\$6,552	\$360	\$6,192	\$1,733	\$5,026	\$309	\$349	\$40	22.0%	17.8%	19.7%	22.3%
1972	\$29,392	\$18,971	\$28,590	\$56,094	7.38%	\$3,985	\$2,700	\$6,685	\$370	\$6,315	\$2,300	\$4,612	\$310	\$351	\$41	22.1%	16.1%	19.5%	22.2%
1973	\$29,338	\$18,556	\$28,085	\$56,742	7.82%	\$4,187	\$2,659	\$6,846	\$313	\$6,533	\$3,389	\$4,021	\$304	\$343	\$39	23.3%	14.3%	19.7%	22.2%
1974	\$30,091	\$18,465	\$27,355	\$55,758	8.78%	\$4,461	\$2,626	\$7,086	\$380	\$6,707	\$3,801	\$3,858	\$290	\$329	\$39	24.5%	14.1%	18.8%	21.4%
1975	\$29,444	\$16,615	\$26,710	\$56,737	8.97%	\$4,610	\$2,671	\$7,280	\$423	\$6,857	\$4,504	\$3,163	\$281	\$324	\$43	25.7%	11.8%	20.3%	23.4%
1976	\$29,815	\$16,498	\$25,641	\$58,433	8.90%	\$4,721	\$2,722	\$7,442	\$468	\$6,974	\$4,679	\$3,034	\$279	\$326	\$47	27.2%	11.8%	20.3%	23.7%
1977	\$31,287	\$16,674	\$27,727	\$61,262	8.83%	\$4,920	\$2,821	\$7,741	\$116	\$7,625	\$5,291	\$3,035	\$279	\$332	\$52	27.5%	10.9%	20.1%	23.9%
1978	\$30,484	\$16,387	\$26,607	\$65,859	9.40%	\$5,539	\$2,861	\$8,400	\$318	\$8,081	\$6,770	\$2,457	\$282	\$333	\$51	30.4%	9.2%	20.6%	24.4%
1979	\$30,361	\$15,980	\$24,768	\$64,832	10.63%	\$6,178	\$2,760	\$8,930	\$458	\$8,480	\$6,923	\$3,018	\$275	\$327	\$51	34.2%	12.2%	20.7%	24.5%
1980	\$28,559	\$14,568	\$24,088	\$63,863	12.53%	\$6,755	\$2,758	\$9,513	\$704	\$8,810	\$5,031	\$5,376	\$270	\$327	\$52	36.6%	22.3%	22.3%	26.5%
1981	\$28,261	\$14,459	\$23,134	\$63,270	14.51%	\$7,601	\$2,783	\$10,385	\$979	\$9,405	\$4,586	\$6,743	\$266	\$319	\$54	40.7%	29.1%	22.0%	26.5%
1982	\$28,260	\$14,378	\$22,311	\$62,174	14.78%	\$7,593	\$2,593	\$2,858	\$10,452	\$931	\$9,521	\$7,811	\$267	\$325	\$58	42.7%	35.0%	22.3%	27.1%
1983	\$28,910	\$14,396	\$21,653	\$58,356	12.29%	\$6,072	\$2,907	\$8,980	\$648	\$8,331	\$908	\$8,671	\$270	\$333	\$63	38.5%	40.0%	22.5%	27.7%
1984	\$29,521	\$15,045	\$22,910	\$58,702	12.00%	\$5,988	\$2,906	\$8,894	\$642	\$8,251	\$1,362	\$8,299	\$271	\$334	\$62	36.0%	36.2%	21.6%	26.6%
1985	\$29,845	\$14,867	\$22,797	\$57,115	11.18%	\$5,497	\$2,874	\$8,371	\$543	\$7,828	\$893	\$8,045	\$277	\$339	\$62	34.3%	35.3%	22.4%	27.4%
1986	\$30,547	\$15,112	\$23,207	\$58,593	9.80%	\$5,085	\$2,820	\$7,905	\$444	\$7,462	\$1,877	\$6,475	\$287	\$347	\$60	32.2%	27.9%	22.8%	27.6%
1987	\$30,930	\$14,684	\$22,494	\$59,207	8.94%	\$4,799	\$2,756	\$7,555	\$292	\$7,263	\$2,241	\$5,945	\$289	\$347	\$57	32.3%	26.4%	23.7%	28.3%
1988	\$31,400	\$14,360	\$21,900	\$59,767	9.01%	\$4,872	\$2,698	\$7,570	\$112	\$7,458	\$2,717	\$5,756	\$290	\$345	\$55	34.1%	26.3%	24.3%	28.9%

Appendix Table 4

Income and Housing Costs, South Region: 1967-1988 (1988 dollars)

Year	Income			Owner Costs									Renter Costs			Cost as Percent of Income			
	Total Owner	Total Renter	Young Renter	House Price	Mortgage Rate	Mortgage Payment	Other Costs	Before-Tax Cash	Tax Savings	After-Tax Cash	Equity Buildup	Total Cost	Contract Rent	Gross Rent	Other Costs	First-Time Buyers		All Renters	
																Cash Burden	Total Burden	Contract Rent Burden	Gross Rent Burden
1967	\$22,167	\$15,321	\$24,123	\$49,570	6.40%	\$3,220	\$2,208	\$5,429	\$201	\$5,228	\$1,210	\$4,536	\$277	\$328	\$52	21.7%	18.8%	21.7%	25.7%
1968	\$22,568	\$15,359	\$24,135	\$49,712	6.90%	\$3,380	\$2,194	\$5,575	\$237	\$5,338	\$1,630	\$4,309	\$274	\$324	\$50	22.1%	17.9%	21.4%	25.3%
1969	\$23,241	\$15,092	\$24,147	\$51,008	7.68%	\$3,718	\$2,207	\$5,924	\$340	\$5,584	\$2,345	\$3,998	\$272	\$321	\$49	23.1%	16.6%	21.6%	25.6%
1970	\$23,448	\$15,441	\$24,878	\$49,852	8.20%	\$3,800	\$2,212	\$6,012	\$400	\$5,612	\$2,066	\$4,260	\$268	\$317	\$49	22.6%	17.1%	20.8%	24.6%
1971	\$23,482	\$15,470	\$24,863	\$51,936	7.54%	\$3,742	\$2,314	\$6,055	\$307	\$5,748	\$2,858	\$3,429	\$271	\$323	\$52	23.1%	13.8%	21.0%	25.0%
1972	\$24,315	\$16,299	\$26,185	\$53,329	7.38%	\$3,788	\$2,371	\$6,159	\$297	\$5,863	\$3,002	\$3,429	\$272	\$324	\$52	22.4%	13.1%	20.0%	23.9%
1973	\$24,574	\$16,550	\$26,831	\$53,398	7.82%	\$3,940	\$2,356	\$6,296	\$219	\$6,077	\$3,215	\$3,687	\$266	\$317	\$51	22.6%	13.7%	19.3%	23.0%
1974	\$25,304	\$16,185	\$25,987	\$52,403	8.78%	\$4,192	\$2,403	\$6,595	\$291	\$6,304	\$3,385	\$3,814	\$255	\$307	\$52	24.3%	14.7%	18.9%	22.8%
1975	\$24,817	\$15,563	\$24,817	\$53,155	8.97%	\$4,319	\$2,428	\$6,747	\$334	\$6,412	\$4,060	\$3,112	\$249	\$305	\$56	25.8%	12.5%	19.2%	23.5%
1976	\$25,244	\$15,305	\$23,852	\$53,789	8.90%	\$4,345	\$2,454	\$6,799	\$361	\$6,438	\$3,847	\$3,271	\$252	\$309	\$58	27.0%	13.7%	19.7%	24.3%
1977	\$25,854	\$15,362	\$23,044	\$55,642	8.83%	\$4,468	\$2,547	\$7,015	\$0	\$7,015	\$4,303	\$3,440	\$255	\$317	\$62	30.4%	14.9%	19.9%	24.7%
1978	\$26,255	\$15,536	\$24,669	\$58,718	9.40%	\$4,938	\$2,548	\$7,486	\$99	\$7,387	\$5,268	\$3,141	\$257	\$317	\$60	29.9%	12.7%	19.9%	24.5%
1979	\$26,047	\$15,500	\$23,170	\$60,985	10.63%	\$5,637	\$2,462	\$8,100	\$271	\$7,828	\$6,501	\$1,659	\$253	\$312	\$59	33.8%	11.5%	19.6%	24.2%
1980	\$25,675	\$14,857	\$22,646	\$61,817	12.53%	\$6,538	\$2,454	\$8,992	\$584	\$8,408	\$6,582	\$3,372	\$251	\$311	\$61	37.1%	14.9%	20.3%	25.2%
1981	\$25,500	\$14,722	\$22,214	\$61,838	14.51%	\$7,429	\$2,487	\$9,916	\$875	\$9,041	\$5,869	\$5,052	\$250	\$315	\$65	40.7%	22.7%	20.4%	25.7%
1982	\$25,533	\$15,617	\$23,302	\$60,704	14.78%	\$7,414	\$2,556	\$9,970	\$852	\$9,118	\$3,896	\$6,829	\$256	\$326	\$69	39.1%	29.3%	19.7%	25.0%
1983	\$25,817	\$15,109	\$22,367	\$59,362	12.29%	\$6,177	\$2,571	\$8,748	\$619	\$8,128	\$2,145	\$7,253	\$262	\$333	\$71	36.3%	32.4%	20.8%	26.4%
1984	\$26,557	\$15,387	\$23,024	\$58,835	12.00%	\$6,001	\$2,585	\$8,586	\$592	\$7,994	\$1,699	\$7,708	\$263	\$334	\$71	34.7%	33.5%	20.5%	26.1%
1985	\$26,982	\$15,308	\$23,127	\$58,352	11.18%	\$5,616	\$2,560	\$8,175	\$512	\$7,664	\$1,553	\$7,244	\$267	\$337	\$70	33.1%	31.3%	20.9%	26.4%
1986	\$28,281	\$15,229	\$22,991	\$58,411	9.80%	\$5,069	\$2,530	\$7,599	\$385	\$7,214	\$1,411	\$6,691	\$274	\$343	\$68	31.4%	29.1%	21.6%	27.0%
1987	\$29,159	\$15,204	\$23,015	\$56,551	8.94%	\$4,583	\$2,472	\$7,055	\$222	\$6,834	\$0	\$6,988	\$273	\$338	\$65	29.7%	30.4%	21.5%	26.7%
1988	\$30,300	\$15,300	\$23,100	\$53,987	9.01%	\$4,401	\$2,438	\$6,839	\$10	\$6,929	\$0	\$7,652	\$270	\$334	\$64	29.6%	33.1%	21.2%	26.2%

Appendix Table 5

Income and Housing Costs, West Region: 1967-1988 (1988 dollars)

Year	Income			Owner Costs									Renter Costs			Cost as Percent of Income			
	Total Owner	Total Renter	Young Renter	House Price	Mortgage Rate	Mortgage Payment	Other Costs	Before-Tax Cash	Tax Savings	After-Tax Cash	Equity Buildup	Total Cost	Contract Rent	Gross Rent	Other Costs	First-Time Buyers		All Renters	
																Cash Burden	Total Burden	Contract Rent Burden	Gross Rent Burden
1967	\$28,360	\$17,603	\$26,731	\$59,714	6.40%	\$3,879	\$2,595	\$6,474	\$352	\$6,122	\$932	\$5,815	\$338	\$369	\$31	22.9%	21.8%	23.0%	25.1%
1968	\$29,150	\$17,553	\$26,643	\$58,762	6.90%	\$3,996	\$2,569	\$6,592	\$421	\$6,171	\$1,143	\$5,737	\$340	\$370	\$30	23.2%	21.5%	23.3%	25.3%
1969	\$30,184	\$17,506	\$26,863	\$61,765	7.68%	\$4,502	\$2,616	\$7,118	\$562	\$6,556	\$3,107	\$4,367	\$345	\$375	\$29	24.4%	16.3%	23.7%	25.7%
1970	\$30,597	\$18,587	\$28,023	\$59,864	8.20%	\$4,564	\$2,620	\$7,184	\$624	\$6,560	\$2,514	\$4,904	\$350	\$380	\$29	23.4%	17.5%	22.6%	24.5%
1971	\$30,388	\$18,233	\$27,349	\$59,612	7.54%	\$4,295	\$2,703	\$6,998	\$430	\$6,568	\$2,115	\$5,073	\$350	\$381	\$31	24.0%	18.5%	23.1%	25.1%
1972	\$31,529	\$18,704	\$28,056	\$60,868	7.38%	\$4,324	\$2,830	\$7,154	\$431	\$6,723	\$2,388	\$4,984	\$352	\$382	\$30	24.0%	17.8%	22.6%	24.5%
1973	\$31,846	\$18,807	\$28,335	\$64,652	7.82%	\$4,771	\$2,721	\$7,492	\$401	\$7,091	\$5,038	\$3,052	\$347	\$377	\$30	25.0%	10.8%	22.1%	24.1%
1974	\$32,142	\$17,325	\$26,899	\$66,305	8.78%	\$5,304	\$2,675	\$7,980	\$528	\$7,452	\$6,502	\$2,083	\$337	\$368	\$31	27.7%	7.7%	23.3%	25.5%
1975	\$31,757	\$16,825	\$24,186	\$68,750	8.97%	\$5,586	\$2,695	\$8,281	\$673	\$7,608	\$7,158	\$1,432	\$329	\$363	\$34	31.5%	5.9%	23.5%	25.9%
1976	\$32,201	\$16,895	\$24,250	\$72,140	8.90%	\$5,828	\$2,732	\$8,560	\$716	\$7,844	\$7,063	\$1,693	\$331	\$366	\$35	32.3%	7.0%	23.5%	26.0%
1977	\$33,348	\$17,048	\$23,793	\$80,371	8.83%	\$6,454	\$2,786	\$9,240	\$368	\$8,872	\$9,564	\$359	\$335	\$371	\$36	37.3%	1.5%	23.6%	26.1%
1978	\$33,303	\$17,092	\$23,435	\$89,577	9.40%	\$7,533	\$2,778	\$10,311	\$675	\$9,637	\$11,929	(\$734)	\$345	\$380	\$35	41.1%	-3.1%	24.2%	26.7%
1979	\$32,758	\$17,258	\$23,969	\$93,574	10.63%	\$8,650	\$2,634	\$11,284	\$926	\$10,358	\$12,156	\$246	\$346	\$380	\$34	43.2%	1.0%	24.1%	26.5%
1980	\$32,747	\$16,588	\$23,655	\$95,417	12.53%	\$10,092	\$2,698	\$12,790	\$1,362	\$11,428	\$11,097	\$2,718	\$348	\$389	\$41	48.3%	11.5%	25.2%	28.1%
1981	\$32,730	\$16,956	\$24,317	\$92,936	14.51%	\$11,165	\$2,699	\$13,864	\$1,714	\$12,150	\$8,007	\$6,968	\$352	\$394	\$42	50.0%	28.7%	24.9%	27.9%
1982	\$33,342	\$16,609	\$23,922	\$88,481	14.78%	\$10,806	\$2,801	\$13,607	\$1,536	\$12,071	\$3,874	\$10,540	\$364	\$410	\$46	50.5%	44.1%	26.3%	29.6%
1983	\$33,312	\$16,418	\$23,794	\$87,787	12.29%	\$9,135	\$2,789	\$11,924	\$1,218	\$10,707	\$2,605	\$9,980	\$374	\$420	\$47	45.0%	41.9%	27.3%	30.7%
1984	\$34,080	\$18,009	\$25,987	\$83,614	12.00%	\$8,529	\$2,828	\$11,357	\$1,100	\$10,257	\$798	\$11,466	\$385	\$433	\$48	39.5%	44.1%	25.7%	28.8%
1985	\$34,360	\$18,061	\$25,990	\$83,199	11.18%	\$8,007	\$2,821	\$10,829	\$991	\$9,838	\$1,489	\$9,966	\$404	\$451	\$47	37.9%	38.3%	26.8%	29.9%
1986	\$35,513	\$18,350	\$26,338	\$84,510	9.80%	\$7,334	\$2,804	\$10,138	\$837	\$9,301	\$2,191	\$8,395	\$422	\$468	\$46	35.3%	31.9%	27.6%	30.6%
1987	\$35,199	\$17,912	\$25,723	\$84,396	8.94%	\$6,840	\$2,753	\$9,593	\$582	\$9,011	\$2,764	\$7,563	\$426	\$470	\$44	35.0%	29.4%	28.6%	31.5%
1988	\$35,600	\$17,900	\$25,700	\$79,627	9.01%	\$6,491	\$2,689	\$9,180	\$346	\$8,834	\$667	\$9,520	\$427	\$470	\$43	34.4%	37.0%	28.6%	31.5%

Appendix Table 6

Renter Households by Gross Rent, Poverty, and Subsidy Status (Thousands)

	Poverty			Non-Poverty		
	1974	1980	1985	1974	1980	1985
Subsidized Households						
<\$200	636	920	1,282	545	680	669
\$200-\$299	140	233	387	335	408	477
\$300-\$399	58	142	271	309	297	396
\$400-\$499	17	54	148	68	96	252
\$500-\$699	6	24	102	25	43	132
\$700 +	0	3	29	7	12	36
TOTAL	857	1,375	2,219	1,289	1,537	1,962
Unsubsidized Households						
<\$200	1,197	919	778	2,027	1,355	938
\$200-\$299	1,083	1,296	1,197	4,179	3,705	2,787
\$300-\$399	757	1,210	1,290	4,776	5,177	4,622
\$400-\$499	319	574	858	3,460	4,007	4,854
\$500-\$699	150	354	638	2,276	2,932	5,157
\$700 +	34	105	210	694	1,035	2,544
TOTAL	3,539	4,459	4,971	17,411	18,211	20,902
All Households						
<\$200	1,833	1,839	2,061	2,572	2,035	1,607
\$200-\$299	1,223	1,529	1,584	4,513	4,113	3,264
\$300-\$399	814	1,352	1,561	5,085	5,474	5,018
\$400-\$499	336	628	1,006	3,528	4,104	5,105
\$500-\$699	156	378	741	2,300	2,975	5,290
\$700 +	34	108	238	701	1,047	2,580
TOTAL	4,396	5,834	7,190	18,700	19,748	22,864

NOTE: Rent in 1988 dollars. Excludes households with housing cost of \$0 and households in single-unit structures on 10 acres or more. To estimate poverty-level households, official poverty thresholds adjusted to reflect undercounting of income in American Housing Survey were used.

SOURCE: Joint Center for Housing Studies tabulations of the American Housing Survey, 1974, 1980, and 1985.

Appendix Table 7

Rental Housing Stock by Gross Rent, Region, and Subsidy Status (Thousands)

Region and Rent	Unsubsidized Households			Subsidized Households		
	1974	1980	1985	1974	1980	1985
Northeast						
<\$300	1,889	1,652	1,081	482	657	813
\$300-\$499	2,615	2,788	2,578	140	206	376
\$500 +	1,197	1,125	2,066	22	35	91
TOTAL	5,701	5,564	5,724	644	898	1,280
Midwest						
<\$300	2,089	1,788	1,727	320	484	787
\$300-\$499	2,244	2,643	2,956	95	112	223
\$500 +	511	647	1,228	9	15	35
TOTAL	4,845	5,078	5,912	424	611	1,045
South						
<\$300	3,001	2,520	2,109	559	711	809
\$300-\$499	2,201	3,068	3,636	118	146	269
\$500 +	763	1,072	2,370	7	17	42
TOTAL	5,966	6,661	8,115	684	874	1,120
West						
<\$300	1,516	1,315	809	295	389	407
\$300-\$499	2,251	2,471	2,462	99	126	198
\$500 +	681	1,584	2,851	0	14	131
TOTAL	4,438	5,370	6,122	394	530	735
All Regions						
<\$300	8,485	7,276	5,700	1,655	2,241	2,815
\$300-\$499	9,311	10,969	11,624	452	589	1,066
\$500 +	3,154	4,428	8,549	38	82	300
TOTAL	20,950	22,672	25,873	2,145	2,912	4,181

NOTE: Rents in 1988 dollars. Excludes households with housing cost of \$0 and single-unit structures on 10 acres or more.

SOURCE: Joint Center for Housing Studies tabulations of the American Housing Survey, 1974, 1980, and 1985.

Appendix Table 8

Number of Households by Age and Household Type: 1970 to 2000

	1970	1980	1990	2000
Age				
Under 25	4,359	6,570	4,560	4,304
25 to 34	11,694	18,504	20,701	16,768
35 to 44	11,810	13,980	21,029	24,346
45 to 54	12,216	12,654	14,560	21,847
55 to 64	10,824	12,525	12,585	14,623
65 to 74	7,744	10,112	11,821	11,956
75 and over	4,756	6,432	8,789	11,641
Total	63,401	80,777	94,044	105,483
Household Type				
Single Person	10,851	18,296	24,248	31,112
Married With Children	25,532	24,961	25,270	25,341
Married Without Children	19,196	24,151	26,387	29,105
Single Parent With Children	3,199	6,061	8,128	8,863
Other	4,623	7,308	10,011	11,062
Total	63,401	80,777	94,044	105,483

*NOTE: 1990 and 2000 projections are based on July CPS numbers.**SOURCE: Current Population Reports, Series P-20, No. 432 and "U.S. Household Trends: The 1980s and Beyond," Joint Center for Housing Studies Working Paper by George S. Masnick.*

Appendix Table 9

Households, Household Income, and Poverty Households by Age and Type

Age and Household Type	Number of Households (Thousands)		Median Income (1988 dollars)		Poverty-Level Owners (Thousands)		Poverty-Level Renters (Thousands)	
	1974	1988	1974	1988	1974	1988	1974	1988
Household Head Under 25								
Single	1,136	1,245	11,665	11,224	11	24	225	282
Married With Children	1,709	917	20,518	19,528	29	23	165	144
Married Without Children	1,825	860	23,461	26,059	14	7	74	47
Single Parent With Children	540	822	7,181	6,113	19	32	314	562
Other Households	833	1,383	13,177	11,689	5	22	170	289
TOTAL	6,043	5,228	17,896	12,969	78	109	948	1,324
Household Head 25 to 34								
Single	1,810	4,019	20,609	21,216	18	27	129	313
Married With Children	8,368	8,588	29,636	31,358	226	236	287	495
Married Without Children	1,168	2,947	35,215	38,851	8	12	33	54
Single Parent With Children	1,603	2,952	12,311	11,161	103	178	577	1,304
Other Households	623	2,077	22,125	22,083	13	29	47	172
TOTAL	14,672	20,583	27,357	25,795	368	483	1,073	2,338
Household Head 35 to 44								
Single	963	2,837	20,158	21,622	34	102	84	242
Married With Children	8,217	10,031	35,621	40,655	324	262	210	316
Married Without Children	1,055	2,299	36,476	47,071	15	24	24	31
Single Parent With Children	1,416	2,787	16,095	17,586	137	187	317	679
Other Households	414	1,369	22,797	24,555	14	43	46	112
TOTAL	12,065	19,323	32,372	35,200	524	618	681	1,380
Household Head 45 to 64								
Single	4,046	5,105	12,539	14,529	372	512	576	671
Married With Children	6,662	4,690	36,590	42,952	321	214	158	129
Married Without Children	10,363	12,398	33,102	37,424	436	392	156	161
Single Parent With Children	1,109	976	16,916	17,837	132	86	177	170
Other Households	2,141	3,308	20,632	24,050	170	233	150	265
TOTAL	24,321	26,476	28,337	30,088	1,432	1,436	1,217	1,396
Household Head 65 and Older								
Single	5,884	8,683	6,917	7,896	824	1,011	859	1,025
Married	6,194	8,579	15,437	19,305	274	362	114	140
Other Households	1,676	2,193	14,590	16,306	163	186	74	140
TOTAL	13,754	19,456	10,943	12,662	1,261	1,559	1,046	1,304

Appendix Table 10**Homeownership Rate by Region and Age: 1973 to 1988 (Percent)**

Region and Age	1973	1976	1980	1983	1988
Northeast	59.2	59.8	60.7	61.4	61.9
<25	17.4	15.7	14.5	16.5	13.0
25-29	36.2	34.3	35.9	32.4	35.9
30-34	51.3	59.3	55.0	53.6	50.8
35-39	62.2	60.3	65.8	61.2	63.7
40-44	69.2	65.4	66.0	68.2	70.1
45-54	72.2	73.7	72.7	72.7	72.5
55-64	69.8	71.8	74.6	74.6	74.1
65-74	60.1	63.0	67.4	69.6	72.3
75+	58.2	57.5	56.0	61.2	61.1
Midwest	69.1	69.5	70.3	70.0	67.0
<25	25.3	24.4	24.6	21.8	14.9
25-29	47.9	48.6	50.5	43.5	41.4
30-34	66.5	68.6	68.1	63.0	57.3
35-39	76.0	77.5	78.0	74.0	68.3
40-44	79.2	81.3	80.7	81.6	77.7
45-54	80.9	81.1	83.7	82.6	79.7
55-64	79.6	82.4	83.1	85.0	83.6
65-74	76.6	77.6	79.1	81.6	80.8
75+	71.8	70.0	69.0	74.7	68.2
South	66.5	66.4	68.3	67.1	65.9
<25	29.9	24.2	25.0	23.0	19.8
25-29	47.6	46.8	46.4	41.7	37.9
30-34	62.1	63.2	63.4	56.6	53.8
35-39	68.7	69.2	71.7	66.0	62.9
40-44	71.5	74.1	76.3	76.3	72.1
45-54	76.1	78.1	79.1	78.2	77.2
55-64	77.9	78.1	81.7	83.0	81.9
65-74	75.9	76.1	78.2	80.2	80.2
75+	71.9	72.2	74.6	77.4	79.0
West	60.6	61.2	60.5	58.7	58.9
<25	15.3	15.1	16.2	11.6	11.2
25-29	39.7	39.0	36.0	31.4	27.8
30-34	59.5	56.9	54.9	48.2	47.2
35-39	65.2	67.5	66.1	60.5	57.8
40-44	71.1	72.6	71.2	67.9	64.7
45-54	74.6	75.4	73.3	73.2	73.2
55-64	74.4	75.7	76.7	76.9	77.5
65-74	70.0	71.4	73.9	73.7	78.5
75+	62.2	65.6	67.7	70.2	70.6

SOURCE: Joint Center for Housing Studies tabulations of U.S. Department of Housing and Urban Development, American Housing Survey, 1973, 1976, and 1980, and U. S. Department of Commerce, Current Population Survey, 1983 and 1988.

Appendix Table 11**Inadequacy by Monthly Housing Cost, 1985**

	Owner Occupied			Unsubsidized Renter			Subsidized Renter		
	Number of Units	Number Inadequate	Percent Inadequate	Number of Units	Number Inadequate	Percent Inadequate	Number of Units	Number Inadequate	Percent Inadequate
<\$300	16,141	1,824	11.3	5,700	1,694	29.7	2,820	322	11.4
\$300-\$499	9,348	592	6.3	11,624	1,604	13.8	1,066	161	15.1
\$500 +	15,832	584	3.7	8,549	699	8.2	295	43	14.7
Total	41,320	3,000	7.3	25,873	3,997	15.4	4,181	527	12.6

NOTE: Rents in 1988 dollars. Numbers in thousands. Excludes households with reported housing cost of \$0. For renters, excludes single-unit structures on 10 acres or more. For owners, limited to single-unit structures on less than 10 acres and no business property. Inadequate housing represents a composite index of housing quality defined in terms of presence or absence of plumbing fixtures, heating equipment, and other mechanical subsystems, as well as information on the repair and upkeep of properties.

SOURCE: Joint Center for Housing Studies tabulations of 1985 American Housing Survey data.

Appendix Table 12

Median Monthly Housing Costs for Poverty-Level Households

Region	Owner		Unsubsidized Renter		Subsidized Renter	
	1974	1985	1974	1985	1974	1985
Northeast	269	267	296	376	148	111
Midwest	171	237	267	319	128	111
South	125	170	191	303	105	111
West	294	209	287	391	148	111
TOTAL	176	202	251	336	123	111
Age and Family Type						
Under 65						
Single	146	189	219	292	107	111
Married With Children	308	309	264	374	201	211
Married Without Children	217	229	251	316	176	111
Single Parent With Children	342	377	296	358	144	211
Other	162	211	296	416	114	111
TOTAL	258	252	267	348	144	111
65 and Over						
Single	96	148	169	229	91	111
Married	141	207	207	314	107	211
Other	119	180	181	289	192	111
TOTAL	105	162	178	251	91	111

NOTE: Data in 1988 dollars. Excludes households with reported housing cost of \$0. For renters, excludes single-unit structures on 10 acres or more. For owners, limited to single-unit structures on less than 10 acres and no business property.

SOURCE: Joint Center for Housing Studies tabulations of the 1974 and 1985 American Housing Surveys.

Appendix Table 13**Homeownership Rate by Age and Family Type (Percent)**

Age and Family Type	1973	1976	1980	1983	1988
Household Head Under 25					
Single	7.7	7.8	11.5	10.9	10.4
Married With Children	38.9	34.5	38.8	32.7	29.4
Married Without Children	26.1	30.9	33.6	30.5	22.6
Single Parent With Children	13.7	8.2	10.1	7.9	7.2
Other Households	7.6	8.5	9.9	11.1	11.8
TOTAL	23.4	21.0	21.3	19.3	15.5
Household Head 25 to 34					
Single	18.0	16.0	24.8	24.1	24.3
Married With Children	66.8	69.8	71.1	64.7	62.7
Married Without Children	45.4	49.2	58.3	53.5	53.5
Single Parent With Children	31.7	28.7	31.8	24.5	23.8
Other Households	18.0	25.3	29.4	29.1	29.7
TOTAL	51.4	52.2	52.3	47.0	45.0
Household Head 35 to 44					
Single	28.0	28.5	36.8	37.5	39.0
Married With Children	81.0	83.0	85.4	83.2	81.2
Married Without Children	66.8	67.3	75.2	74.0	76.3
Single Parent With Children	48.2	48.0	50.1	49.6	47.0
Other Households	51.5	50.8	53.9	48.1	47.6
TOTAL	70.7	71.4	72.3	69.6	67.1
Household Head 45 to 64					
Single	50.7	48.5	51.6	54.2	54.6
Married With Children	85.7	87.0	87.7	86.9	86.0
Married Without Children	83.7	86.1	88.4	89.1	88.5
Single Parent With Children	61.4	61.7	64.5	57.2	58.5
Other Households	66.8	66.9	68.0	68.1	67.3
TOTAL	75.9	77.3	78.5	78.8	77.8
Household Head 65 and Older					
Single	57.8	56.8	59.2	62.0	60.7
Married	81.5	83.1	85.0	87.3	89.1
Other Households	69.3	73.5	73.6	75.9	76.2
TOTAL	69.8	70.6	72.3	74.8	75.0

SOURCE: Joint Center for Housing Studies tabulations of U.S. Department of Housing and Urban Development, American Housing Survey, 1973, 1976, and 1980, and U. S. Department of Commerce, Current Population Survey, 1983 and 1988.

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