



beyond the headlines



Fannie, Freddie to up loan limits by \$43,500 in most of Bay Area next year

Source: The San Francisco Chronicle

Borrowers will be able to take out a substantially bigger home loan backed by Fannie Mae and Freddie Mac next year, thanks to a 6.8 percent increase in home prices nationwide.

Making sense of the story:

- The two government agencies will raise the maximum-size loan they can guarantee on a single-family home or condo by 6.8 percent next year — to \$453,100 from \$424,100 in most parts of the country, and to \$679,650 from \$636,150 in high-cost areas, including most Bay Area counties.
- That's the biggest jump in the so-called conforming loan limit since 2006, when the nationwide limit rose to \$417,000 from \$359,650. As home prices plunged, it remained stuck at \$417,000 until this year, when it rose to the current \$424,100.
- Starting in 2008, Fannie and Freddie allowed higher limits in certain high-cost areas. In those counties, the limit is based on the area's home prices, but it still cannot exceed an overall limit, which will be \$679,650 next year. That will be the max in all Bay Area counties except Sonoma, where it's going to \$648,600 and Solano, where it will hit \$460,000.
- The agency's regulator sets the limit each year based on the average change in the nationwide home price since the previous year. It's higher for homes with two to four units.
- For Realtors, this is the best news to come out of Washington in months. "It's outstanding," said Steve White, president of the California Association of Realtors. In San Francisco, where the median price of a new or existing home is over \$1.1 million, "I don't know if it will have a significant effect. But in many areas, especially the East Bay, this will allow thousands of Californians to secure a conforming loan for a new home."

Full story:

<http://www.sfchronicle.com/business/networth/article/Fannie-Freddie-will-up-loan-limits-in-most-Bay-12389979.php>

In other news...

Mortgage Cap Would Hit California, Florida, New York Hardest

Source: Bloomberg

Property owners in California, Florida and New York have the most to lose if Congress limits tax deductions for interest payments on home mortgages, according to a Bloomberg analysis of Zillow data.

Assuming a 20 percent down payment, the three states together are estimated to have more than 80,000 homes currently listed for sale where the mortgage could reach at least \$500,000, the limit laid out for new home sales in the House Republican tax plan. In California, that's 44 percent of homes on the market.

Colorado and Massachusetts follow with one third of the number of homes on the market. Hawaii, though it has fewer homes for sale than California, New York and Florida, could see a high percentage of mortgages that would be affected by the proposed cap -- more than half.

Full story:

<https://www.bloomberg.com/news/articles/2017-11-29/mortgage-cap-would-hit-california-florida-new-york-hardest>

California REALTORS® launch ballot drive to expand Prop. 13 for senior homeowners

Source: The Orange County Register

An overhaul of Proposition 13, California's landmark tax-control measure, could go before state voters next year under a plan adopted last month by the California Association of REALTORS®.

The trade group is launching a signature drive to put a new proposition on the November 2018 ballot that would expand tax breaks for homeowners age 55 and older or those who are disabled.

If passed, the proposition would allow senior and disabled homeowners to transfer their low, existing Prop. 13 tax assessment to a new home anywhere in the state, using the option as often as they choose and paying any price for their new home.

REALTORS® say the provisions would help older owners "locked in their homes" because they're reluctant to give up low Prop. 13 tax assessments when buying a new residence. REALTORS® maintain at least 70 percent of seniors haven't moved in 17 years.

"It's to make it easier for senior homeowners who want to move but don't want to see a big tax bill," said CAR President Steve White, owner of two Keller Williams brokerages in north Los Angeles County.

Full story:

<http://www.ocregister.com/2017/11/27/california-realtors-launch-ballot-drive-to-expand-prop-13-for-senior-homeowners/>

Housing crisis may prompt softening of rules for mixed-use urban projects

Source: The San Diego Union-Tribune

A new plan could help solve San Diego's housing shortage and reduce a rash of vacant storefronts in buildings that were intended to have ground-floor commercial tenants operating below multiple stories of housing.

The many ground-floor vacancies in such buildings, which are called "mixed-use," is prompting city officials to explore softening requirements they be filled by commercial tenants. The change could allow ground-floor housing there instead.

Supporters say the new approach would eliminate blight caused by empty storefronts and quickly produce additional housing units on the ground floors of many buildings.

Developers could also more easily secure financing for proposed projects if they are no longer required to reserve the entire ground floor for tenants they are unlikely to ever find.

Full story:

<http://www.sandiegouniontribune.com/news/politics/sd-me-housing-shortage-20171121-story.html>

Millennials: We Don't Want to Be Renters

Source: National Association of REALTORS® (Realtors Mag)

Though many are stuck renting out of financial necessity, millennials show the same desire for homeownership as their parents and grandparents—and traditional suburban properties appeal to them more than renting or buying in cities, Bloomberg reports.

Many economists have acknowledged that the slow path to homeownership for young adults is contributing to record-low homeownership rates. But for two consecutive quarters, the homeownership rate among those ages 35 and younger has been on the rise. Some economists predict that millennials will eventually own homes at similar rates as their parents.

Rents, however, are taking a bigger bite out of household budgets, making it difficult for young adults to save enough for a down payment. Student loan debt is also delaying homeownership by up to five years, according to a 2016 study by the National Association of REALTORS®. Millennials also have less job security than prior generations, and their careers are more likely to require relocation.

Full story:

<http://realtormag.realtor.org/daily-news/2017/11/28/millennials-we-don-t-want-be-renters>

Angelenos are renting out RVs, box trucks like apartments

Source: Curbed

With Los Angeles rental prices surging, some enterprising Angelenos are renting out RVs and box trucks to those who can't afford other accommodations, as KPCC reported.

That may not be the case for long, though. Only a day after the KPCC story aired, City Councilmember Mitchell Englander cited it in a motion calling on the city attorney "prohibit and/or regulate" the rental of RVs, vans, and panel trucks to those who plan on living in them.

According to Englander, the rental of these vehicles is "creating a dangerous environment" for those who live in them, since the city has few rules in place regulating vehicles that are being used as residences.

"A traditional landlord must comply with all city building codes," reads Englander's motion. "Vehicles more often than not don't have running water, a reliable source of power, and often lack a source for heating and/or cooling."

According to KPCC, RVs rent for as little as \$10 per day, on up to \$1,000 per month.

If eventually passed into law, restrictions on RV rentals would constitute another step toward what homeless advocates have described as a "ban" on living out of a vehicle. New restrictions on sleeping in vehicles on residential streets went into effect earlier this year.

Full story:

<https://la.curbed.com/2017/11/29/16716182/los-angeles-rv-motorhome-living-rules>

What you should know

- Total mortgage applications fell 3.1 percent for the week, according to the Mortgage Bankers Association's seasonally adjusted report.
- Applications to refinance a home fell 8 percent for the week, marking the lowest level since January. They were down 18 percent from a year ago.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances of \$424,100 or less remained unchanged from the week prior at 4.20 percent, with points decreasing to 0.34 from 0.42, including the origination fee, for 80 percent loan-to-value ratio loans.