BARRIERS TO ACCESSING HOUSING

FIRST FRIDAY – LEAGUE OF WOMEN VOTERS OF RRV

2/3/2023

SARAH KENNEDY - PRESENTATION PARTNERS IN HOUSING

Presentation Partners in Housing

Everyone Needs a Place to Call Home.

HOUSING ACCESS BARRIERS:

Low-income renter households face challenges present within poverty constructs, including attaining and maintaining livable-wage employment, securing safe and stable housing, poor credit and/or rental histories, access to transportation, etc.

BARRIERS TO ACCESSING HOUSING

The Big 2:

1. Income
2. Affordability

INCOME BARRIERS

According to 5-year estimates by the Census Bureau in 2020-

44% of occupied housing units in FM Metro are rented

41% of renters are considered cost burdened compared to 13% of homeowners

INCOME BARRIERS

Fair Market Rent-

- Minimum Wage = $7.25
- Fair Market Rent = $712 (1-Br)
- Minimum wage earner can afford $377/month OR work 76 hours/week to afford a 1-Br

to avoid housing cost burden, individual must earn $13.69/hour

- SSDI recipient receiving $794/month will spend nearly 90% of income towards a FMR 1-Br

*National Low Income Housing Coalition's "Out of Reach 2021" report

Income Barriers

Requiring income that is double or triple the rent amount

Payments up-front in order to secure units (even before approval)

Double deposits and/or co-signors

Requiring arrears be paid off first

AFFORDABILITY BARRIERS

Public Housing prioritizes those experiencing homelessness and people with disabilities

Vouchers are limited and usually have waitlists

Market ebb's and flows with affordable units

SOLUTIONS

WORKING UPSTREAM TO PROVIDE SUPPORT

IT TAKES A COMMUNITY!

- Persons with lived experience
- CAPLP
- SENDCAA
- Salvation Army
- Presentation Partners in Housing
- Shelters
- Housing Authorities
- Firstlink
- Local, State, Federal Resources

GOALS OF PREVENTION:

- Shut the front door!
- Reduce the "in-flow" into homelessness
- Stop unnecessary trauma for family while preventing unnecessary burden on homeless response system

PREVENTION:

Flips the order in which accommodations and supports are provided. PREVENT rather than MANAGE homelessness.

PREVENTION ACCESS:

CARES
Coordinated Access Referral Entry & Stabilization System

- Neighbors experiencing a housing crisis first contact FirstLink (2-1-1).
- Screening and Triage by a Homeless Prevention Specialist.
- Case Conferencing weekly to assign households to recommended resources and/or guided resolution (light touch supports)

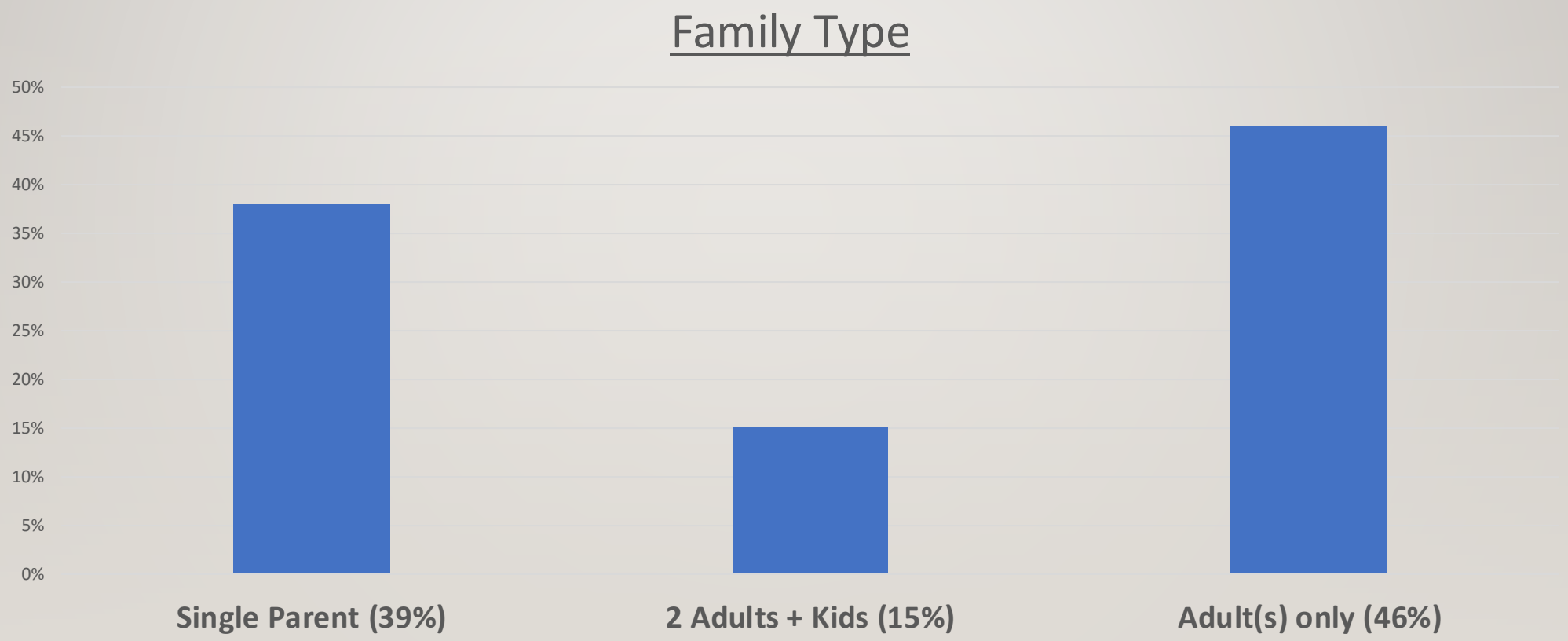
PREVENTION RESOURCES:

- Landlord-tenant mediation and advocacy
- Employment and income resources for economic mobility
- Transportation assistance (to increase ability to go to work, school, appointments, etc.)
- Connection to longer-term resources like food support, childcare assistance, workforce training, etc.
- Financial resources: rent, security deposit, utility bills
- Short-term housing focused case management + housing stabilization plan

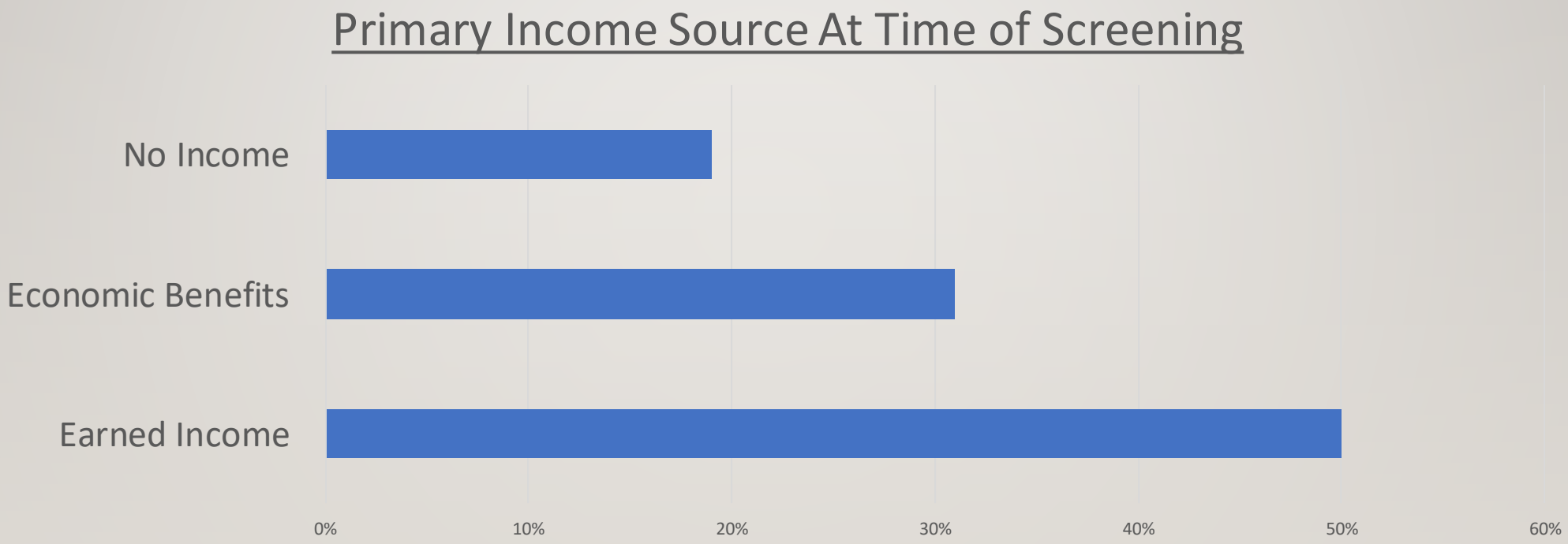
2022 DATA:

- 2,784 household in crisis screened (6,476 individuals)
  - 903 households experiencing homelessness
  - 1,881 households at-risk of losing housing
  - In total 10% referred to mainstream, 90% referred to HPP for guided resolution
- Loss of employment and health/medical issues were top reasons people needed assistance

2022 DATA:


Family Type
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
Single Parent (39%)
2 Adults + Kids (15%)
Adult(s) only (46%)

2022 DATA:


Primary Income Source At Time of Screening
No Income
Economic Benefits
Earned Income
0%
10%
20%
30%
40%
50%
60%

- True prevention is not waiting for bad things to happen, it's preventing bad things from happening in the first place. – Don McPherson (former NFL player, now social activist)
- An ounce of prevention is worth a pound of cure. – Benjamin Franklin
- A response system without a focus on prevention is unsustainable – Bill Gates

QUESTIONS?

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Housing Barriers & Solutions

As seen by a homebuyer education non-profit

Presented by:
Jenny Buhr &
Doorsteps Midwest

First Class MORTGAGE

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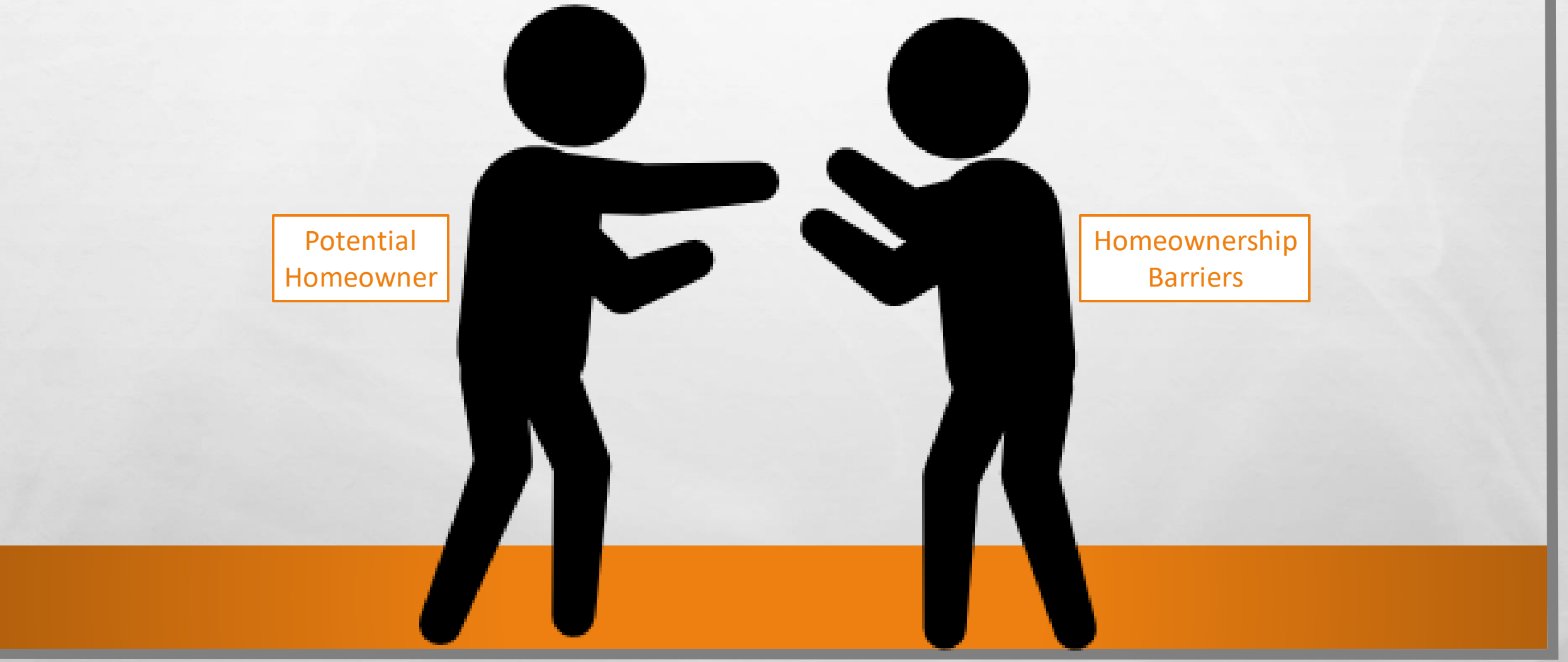
ABOUT DOORSTEPS MIDWEST

- BOARD CONSISTS OF EXPERIENCED PROFESSIONALS IN THE REAL ESTATE COMMUNITY WITH A PASSION FOR HOMEBUYER EDUCATION
- BEGAN IN 2017
- 200-300 STUDENTS PER YEAR

8 FACTORS PREVENTING HOMEOWNERSHIP



9 FACTORS PREVENTING HOMEOWNERSHIP

- Housing Price Inflation vs Wage Inflation
- Loan Requirements - “red flags” of FHA, USDA, & VA
- Prequalification Requirements - Credit & DTI
- Low Inventory
- Competitive Buyers
- Upfront Costs
- Other Expenses
- Misconceptions
- Life Expectancy

ROUND 1

INFLATION VS WAGE

2019

Median Sold Price: $219,688

2022

Median Sold Price: $274,900

*Source: FMAAR Flex MLS

ROUND 1

INFLATION VS WAGE

2019	2022
Median ND 2019 Income: $68,703	Median ND 2021 Income: $68,882
	.26% Increase
Median Sold Price: $219,688	Median Sold Price: $274,900
	25.13% Increase
Median Sold Price 2021: $250,000	
	13.80% Increase

*Source: US Census Bureau

ROUND 2

LOAN REQUIREMENTS

- Red Flags of USDA, FHA, and VA
- No data on % houses that qualify
- Why they exist — protecting investments
- Who use USDA, FHA, and VA Loans?
  - Rural Areas
  - Low credit/high dti
  - Veterans

ROUND 3

PREQUALIFICATION REQUIREMENTS

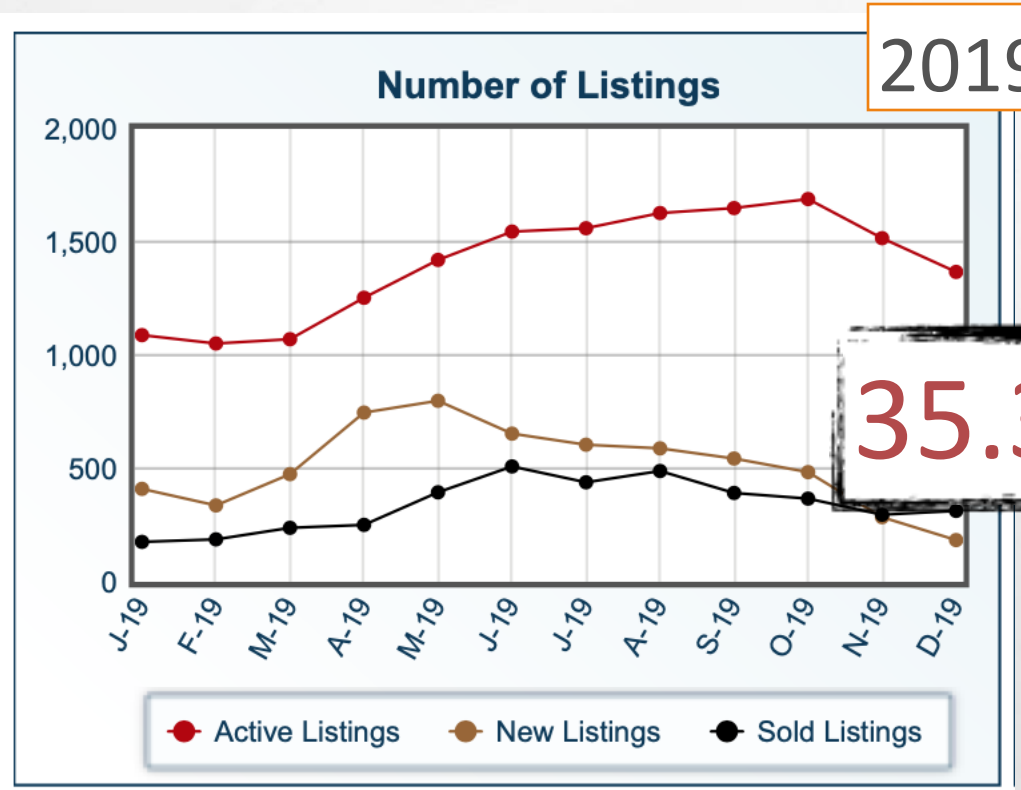
- 2 years of employment - same employer for 6 months (Education can count sometimes)
- 3 years employment if self-employed
- Minimum Credit Score of 580 (many prefer 620)
- Monthly DTI cannot exceed 45%
- Ability to pay closing costs or downpayment
  - Downpayment - 3.5%, 3% (Can use downpayment assistance program)
  - Closing Costs - 3% of purchase price (Can ask seller to pay, but not guaranteed)

Credit Score & DTI most common for prequal refusal

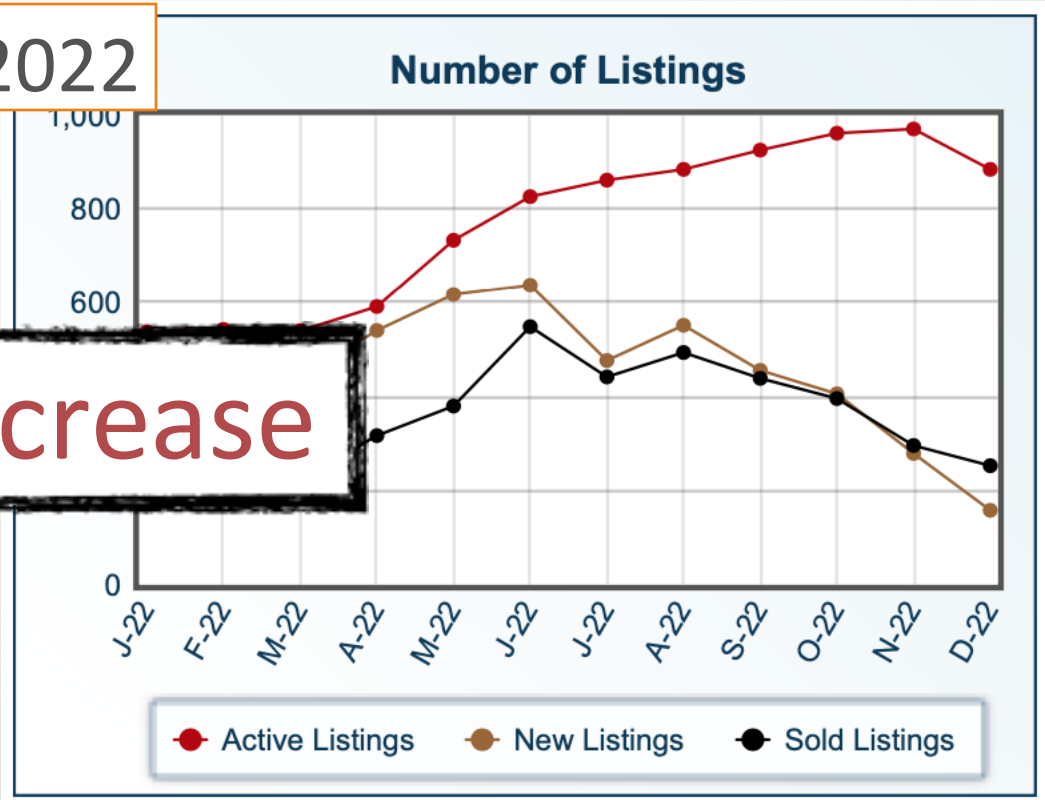
ROUND 4

LOW INVENTORY

2019



2022



35.3% Decrease

Average Active Listings: 1,104
Active Listings Dec: 1,368

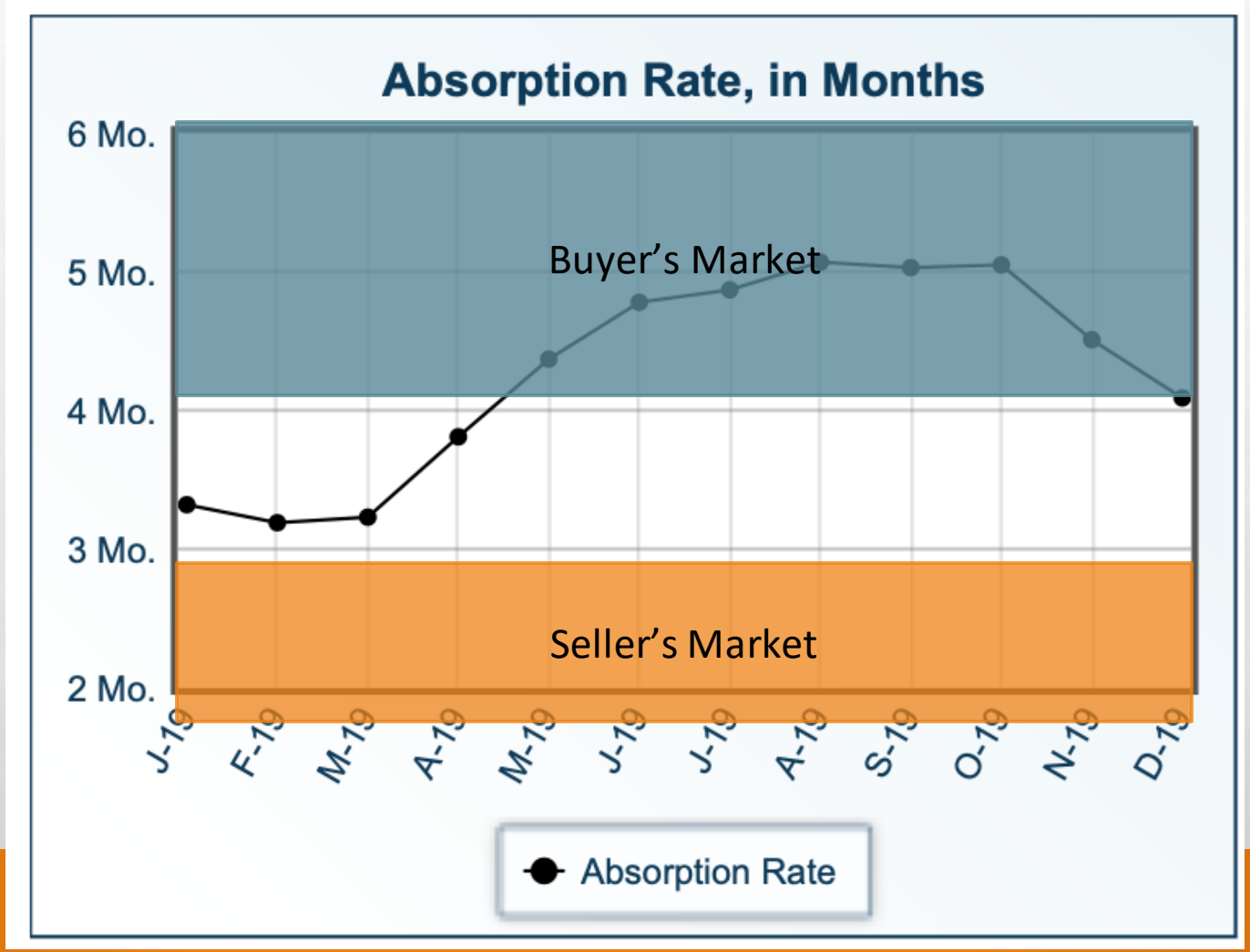
Average Active Listings: 903
Active Listings Dec: 885

*Source: FMAAR Flex MLS

2019

ROUND 5

COMPETITIVE BUYERS

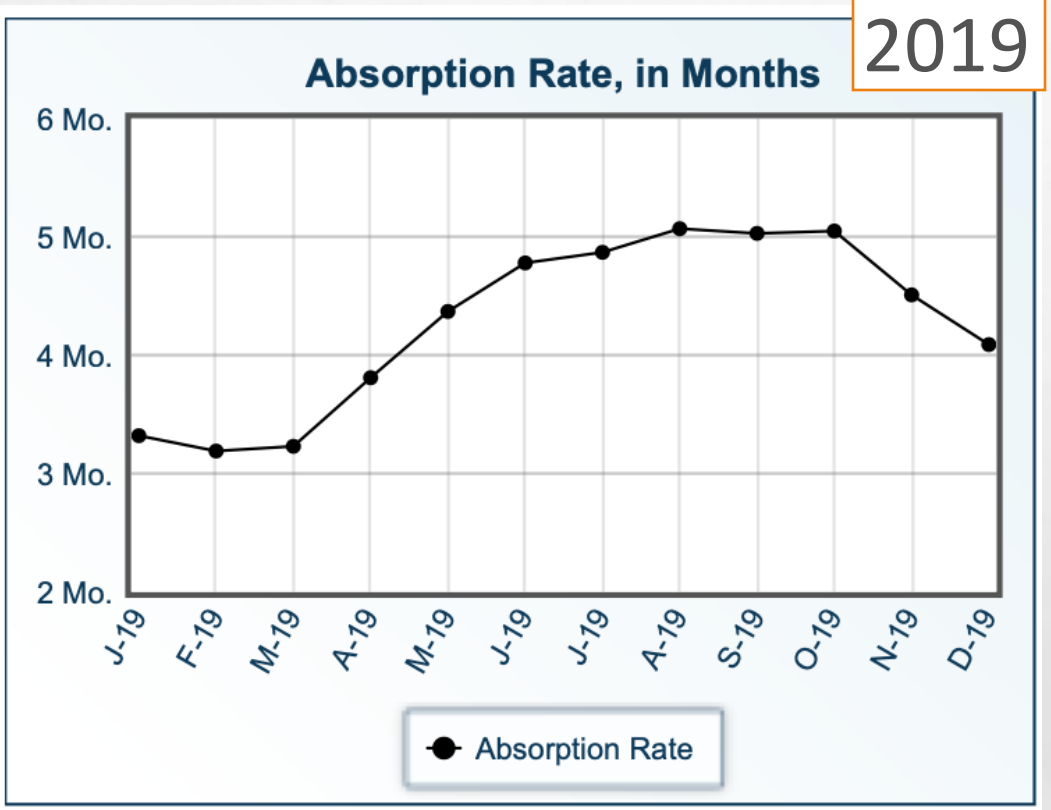


*Source: FMAAR Flex MLS

ROUND 5

COMPETITIVE BUYERS

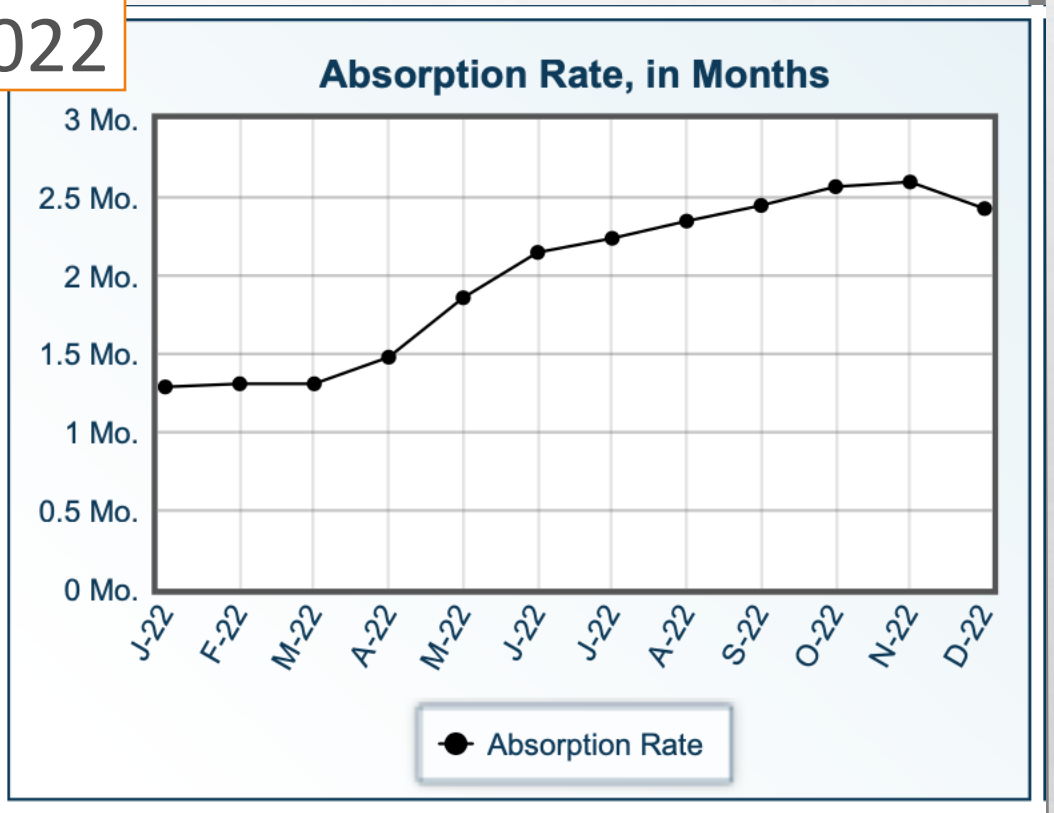
2019



Average Absorption Rate: 4.28

Absorption Rate Dec: 4.09

2022



Average Absorption Rate: 2.00

Absorption Rate Dec: 2.43

*Source: FMAAR Flex MLS

ROUND 6

UPFRONT COSTS

- Closing Costs
- Downpayment
- Home Inspection
- Earnest Money
- Fixes/Repairs

Larger Monthly Payment Easier than High Downpayment for Many

*Source: FMAAR Flex MLS

ROUND 7

OTHER EXPENSES

- Utility Payments
- Internet
- Cell Phones
- Cable
- Car Payments/Maintenance
- Insurance
- Groceries
- Childcare

Inflation

Larger Monthly Payment Easier than High Downpayment for Many

*Source: FMAAR Flex MLS

ROUND 7

OTHER EXPENSES

Type	1950	Now	% Change
Median Income	• $24,000	• $68,882	187%
Median Home Price	• $18,354 (1954) • 77% of median salary	• $274,900 • 25% of median salary	1,397%
Gas	• $.18/gallon	• $3.37/gallon	1,772%
Car	• $1,510	• $20,000	1,224%
Doctor Visit	• $5.50	• $300	5,344%

*Source: US Census Bureau

ROUND 7

OTHER EXPENSES (ADDITIONAL FROM 1950)

- Both parents working
- Cell Phone
- Internet
- Cable
- Insurance
- Childcare

*Source: US Census Bureau

ROUND 8

MISCONCEPTIONS

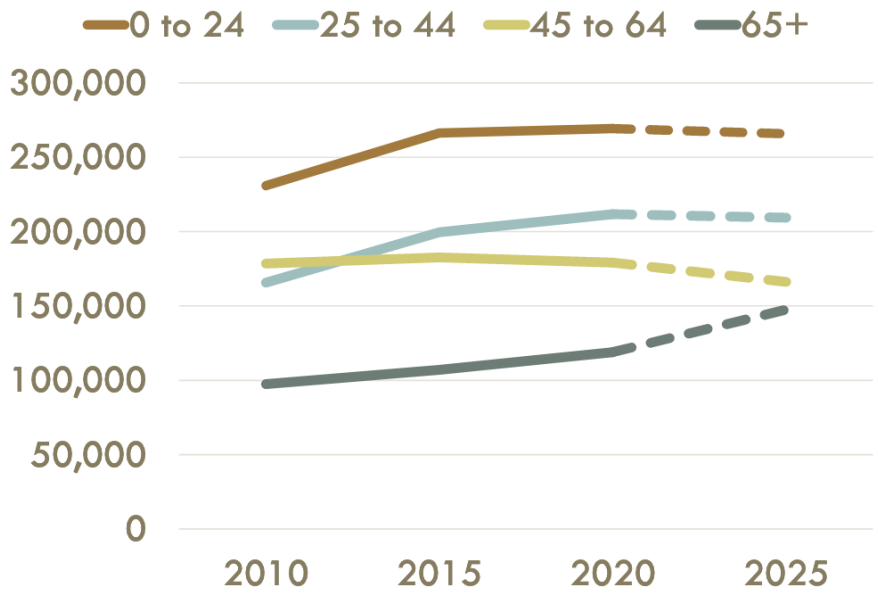
Misconception	Reality
• There are many homes available that require no work	• Everyone's idea of 'work' is different and many loans will require flags to be fixed
• Modern finishes and upgrades are within first time homebuyer price range	• Not usually
• Your first home will be your forever home	• Most homeowners sell within 5-7 years
• You need a 20% downpayment for your home	• Some loans require 0% down
• Home repairs that are expensive on your perspective house will cost the buyer a fortune	• Home repairs discovered during home inspection are negotiated with the seller

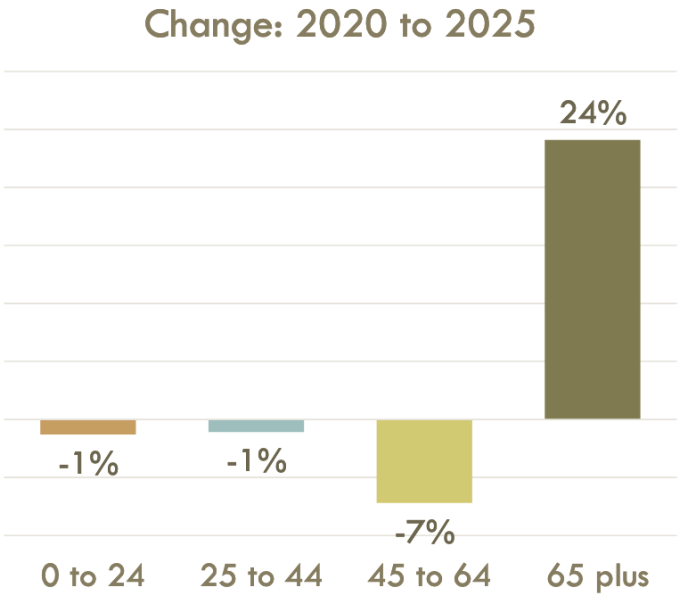
ROUND 9

LIFESPAN

TOTAL STATE POPULATION BY AGE

2010-2020, 2025 PROJECTION – AND PERCENT CHANGE FROM 2020 TO 2025





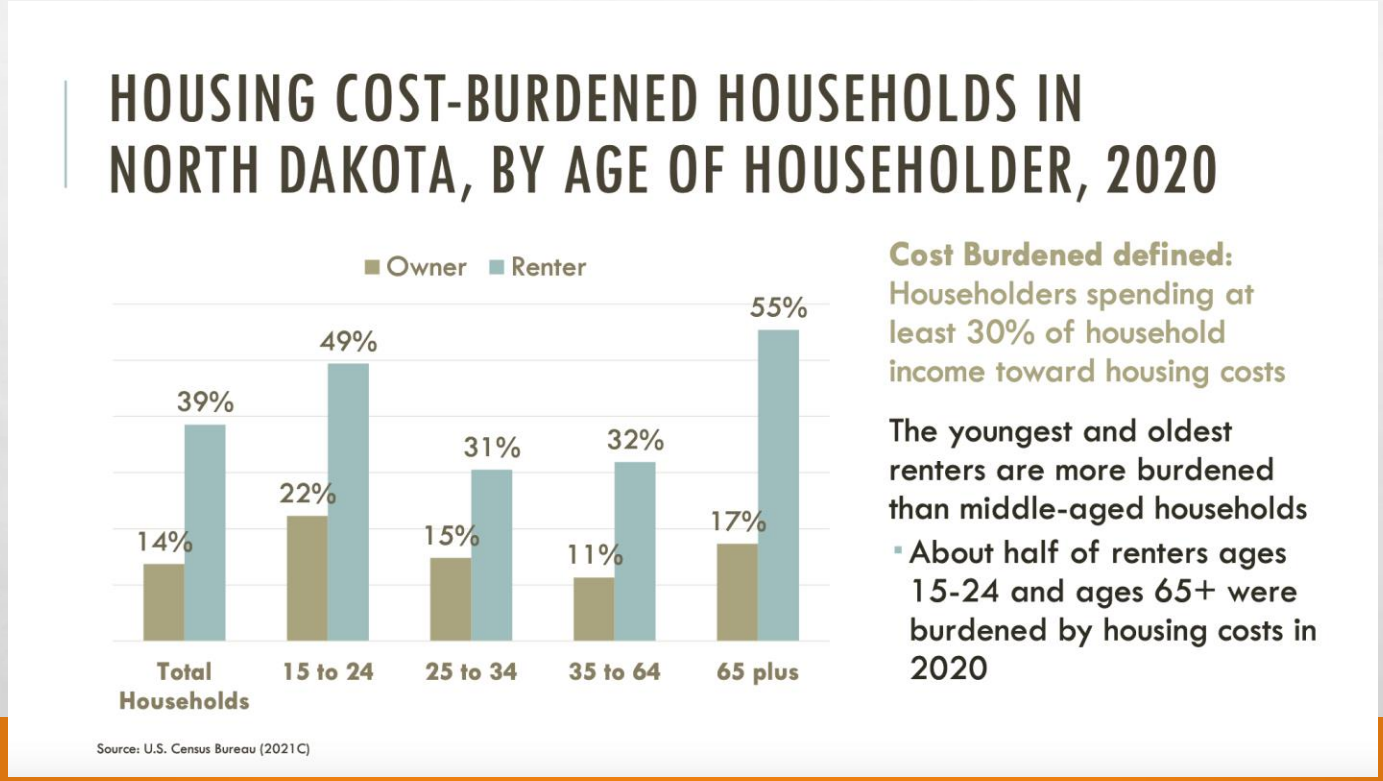
Source: U.S. Census Bureau and the Center for Social Research (2022b)

*Source - Statewide Housing Needs Assessment Presentation on NDHFA.org

ROUND 9

LIFESPAN

- Senior housing is some of the most competitive to get into
- With people living longer, we have more housing needs and a higher population
- Young adults and seniors are the most Housing Cost-Burdened Households



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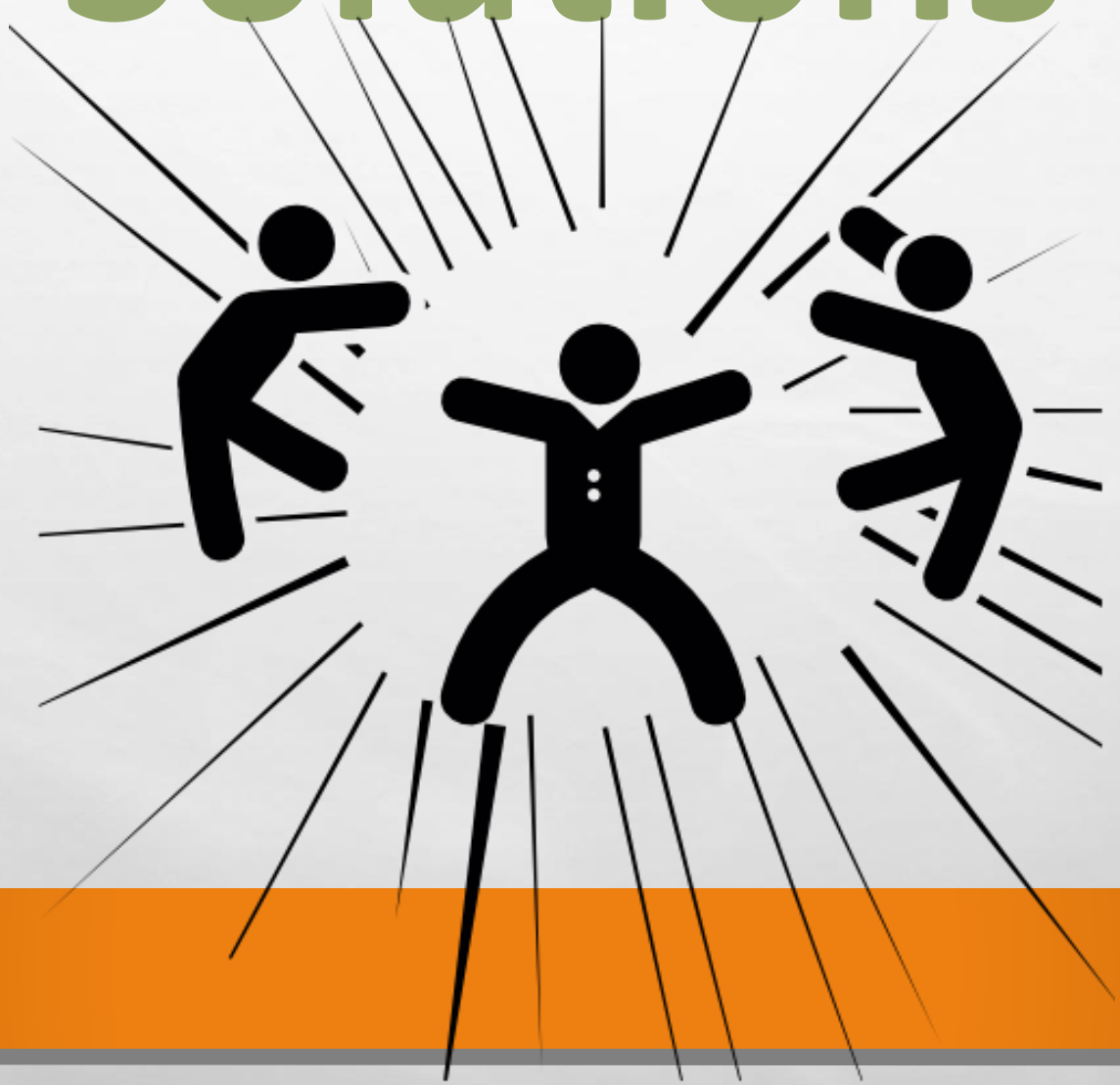
Solutions



SOLUTIONS

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SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Housing Price Inflation vs Wage Inflation

- Increase Wages
- Time

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Loan Requirements - “red flags” of FHA, USDA, & VA

  - Reconsider loan requirements
  - Program that helps bring potential homes for sale up to standards

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Prequalification Requirements - Credit & DTI

- Education, Education, Education
- Understanding credit at an early age, the impact of student loans, debt

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Low Inventory

- Increasing Inventory
- Townhomes, twin homes, smaller home sizes

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Competitive Buyers

- Increasing Inventory
- Townhomes, twin homes, smaller home sizes

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Upfront Costs

- Closing Cost Assistance
- Education

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Other Expenses
  - Increase Wages
  - Time

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Misconceptions

- Education, Education, Education

SOLUTIONS

9 FACTORS PREVENTING HOMEOWNERSHIP

- Life Expectancy

- Increasing Inventory
- 55+ Communities

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