



beyond the headlines



UC Berkeley professor blames rent control for California's housing shortage

Source: *Curbed*

Kenneth Rosen, a UC Berkeley economist and real estate consultant, published a paper Wednesday titled *The Case For Preserving Costa Hawkins*, in hopes of swaying voters against Proposition 10.

Proposition 10, which will go before voters in November, would repeal the 1995 Costa-Hawkins Act, a state law that severely curtails rent control in California cities. For example, under Costa-Hawkins, only San Francisco apartments built before 1979 may be subject to rent control.

Making sense of the story:

- Rosen cites the usual supply and demand argument about housing costs: “Following decades of strong population growth and persistent underbuilding, California is in the midst of a housing crisis. The statewide failure to keep up with new demand for housing, even through the recent period of rapid economic growth, resulted in a shortage of available housing and rapidly rising housing costs.”
- In fact, Rosen goes one step further and blames the housing shortage partly on rent control: “Rent control incentivizes property owners to convert rental units to other uses, such as for-sale housing units or non-residential buildings. [...] Rent control limits the creation of new rental supply by discouraging development activity, especially without guaranteed exemptions for new properties.”
- Of course, there are other factors at play: “Persistent low levels of construction reflect a wide range of factors including a combination of high construction costs, restrictive land use zoning, community obstruction and prohibitive or costly regulatory hurdles.”
- The threat of landlords yanking homes from the rental market looms over the debate: “The supply of rent-controlled units also declined in California cities since the enactment of rent control, as property owners converted apartment buildings to other uses.”

Read the full story:

<https://sf.curbed.com/2018/9/5/17824038/berkeley-study-rent-control-prop-10-costa-hawkins>

In other news...

Millennials put pets first when buying a home

Source: CNBC

Millennials are having a love affair with pets — so much so that they're often putting their furry friends' needs at the top of their list when shopping for a home.

Luxury landlords have been catering to this millennial trend for years, putting in dog runs on rental tower roofs and pet salons off lobbies. Now more millennials are buying homes, and seeking the same amenities.

A full 73 percent of millennials currently own a pet, according to the American Pet Products Association. That is a larger share than any other demographic. For buyers it's even bigger. A whopping 89 percent of millennials who bought a home so far this year own a pet, according to Realtor.com.

Full story: <https://www.cnn.com/2018/08/31/millennials-put-pets-first-when-buying-a-home.html>

Home Flips Plunge as Distressed Inventory Dries Up

Source: REALTOR® Magazine

The rate of home flipping in the U.S. plunged almost to a four-year low in the second quarter as the number of distressed or low-priced homes dropped, according to a new report by real estate data firm ATTOM Data Solutions. A flip is defined as a home that has been sold more than once in a 12-month period.

A total of 48,768 single-family homes and condos were flipped in the second quarter, comprising about 5.2 percent of all sales. That is down from 5.4 percent a year ago.

“Fewer distressed sales are limiting the ability of home flippers to find deep discounts even while rising interest rates are shrinking the pool of potential buyers for flipped homes,” says Daren Blomquist, ATTOM’s senior vice president. “These two forces are squeezing average home flipping returns, pushing investors to leverage financing or migrate to markets with more distressed discounts available to achieve more favorable returns.”

Full story: <https://magazine.realtor/daily-news/2018/09/06/home-flips-plunge-as-distressed-inventory-dries-up>

Baby Boomers won't downsize homes anytime soon

Source: Housing Wire

A study released Thursday by Trulia examined the housing situations of homeowners 65 and older and compared it with a decade ago.

It uncovered a 3.4 percent jump in the number of seniors working in 2016 compared with 2005, and a 1.7 percent increase in the number living with younger generations.

It also showed that seniors appear to be holding off on downsizing just the same as they were 10 years prior.

Only 5.5 percent of seniors moved, according to Trulia, and of those who did, the split was pretty even between single-family and multifamily residences.

But Trulia analyst Alexandra Lee points out that while the percentage of downsizers hasn't changed, the number of those moving actually has.

"Because the Boomer generation is so much larger than previous generations, that 5.5 percent moving rate translates into very different raw numbers across the years," Lee wrote. "There were about 7 million more senior households in 2016 than 2005, meaning 386,000 more senior households moved in 2016."

Full story: <https://www.housingwire.com/articles/46757-baby-boomers-wont-downsize-homes-anytime-soon>

San Jose tops list for least affordable housing in U.S.

Source: The Mercury News

Seven-digit bids for suburban, tear-down homes. Small one-bedrooms and converted garages rented and stuffed to capacity. Families and workers living in RVs lining local roads.

Your eyes and ears haven't deceived you: San Jose is the most expensive metro in the country to buy, and one of the most expensive for renting a home.

The average homeowner in San Jose needs to spend more than half their income on a mortgage, according to a study released Thursday by real estate website Zillow. In the San Francisco metro, which includes Alameda, San Mateo and Contra Costa counties, the average homeowner has to budget 45 percent of their paycheck for a mortgage.

Full story: <https://www.mercurynews.com/2018/09/06/san-jose-tops-list-for-least-affordable-housing-in-u-s/>

Mortgage rates tick up again as Fannie, Freddie start a second decade in limbo

Source: Market Watch

Mortgage rates rose for a second week, buoyed by a selloff in the bond market, even as housing faces a grim reminder of unfinished work in the mortgage market.

The 30-year fixed-rate mortgage averaged 4.54 percent in the Sept. 5 week, according to Freddie Mac's weekly survey, up two basis points. The 15-year fixed-rate mortgage averaged 3.99 percent, up from 3.97 percent. The 5-year Treasury-indexed hybrid adjustable-rate mortgage averaged 3.93 percent, up eight basis points.

Those rates don't include fees associated with obtaining mortgage loans.

Full story: <https://www.marketwatch.com/story/mortgage-rates-tick-up-again-as-fannie-freddie-start-a-second-decade-in-limbo-2018-09-06>