

# The Obama Administration's Efforts To Stabilize the Housing Market and Help American Homeowners



December 2015

U.S Department of Housing and Urban Development

The Administration's goal remains to stabilize the housing market and provide security for homeowners. To meet these objectives in a challenging market, the Administration developed a broad approach implementing state and local housing agency initiatives, tax credits for homebuyers, neighborhood stabilization and community development programs, mortgage modifications and refinancing, housing counseling, continued Federal Housing Administration (FHA) engagement, support for Fannie Mae and Freddie Mac and increased consumer protections. In addition, Federal Reserve and Treasury Mortgage-Backed Securities purchase programs have helped to keep mortgage interest rates at record lows. More detail on the Administration's efforts can be found in the Appendix.

- **Homeowners' Equity rose again in the third quarter of 2015.** Homeowners' equity (total property value less mortgage debt outstanding) was up \$361 billion (3.0 percent) from the second quarter of 2015, for a total of nearly \$12.4 trillion—the highest level since the fourth quarter of 2006. Homeowners' equity peaked in the first quarter of 2006 at nearly \$13.3 trillion. The increase in owners' equity was \$260 billion in the second quarter. The change in equity since April 1, 2009, when the Administration initiated its broad set of actions to stabilize the housing market, now stands at more than \$6.1 trillion (+98.6 percent). (Source: Federal Reserve.)
- **The number of homeowners in negative equity continued to decline in the third quarter.** As of the third quarter of 2015, CoreLogic estimated that 4.1 million homes, or 8.1 percent of residential properties with a mortgage, were in negative equity. This compares to 4.3 million, or 8.7 percent, that were reported in negative equity in the second quarter and 5.2 million, or 10.4 percent, one year ago. From the beginning of 2012 through the third quarter of 2015, the number of underwater borrowers (those who owe more on their mortgage than the value of their home) has declined by 66 percent—from 12.1 million to 4.1 million—or by 8.0 million homeowners. (Source: CoreLogic.)
- **The October 2015 FHFA house price index rose above its previous peak, set in March 2007 during the housing bubble.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for October showed home values rose 0.5 percent over the previous month and 5.6 percent over the previous year. The year-over-year house price gain has been 5.6 percent for the past four months. The FHFA index shows that U.S. home values now stand 0.3 percent above their previous peak in March 2007 and 27 percent above their previous low in March 2011.

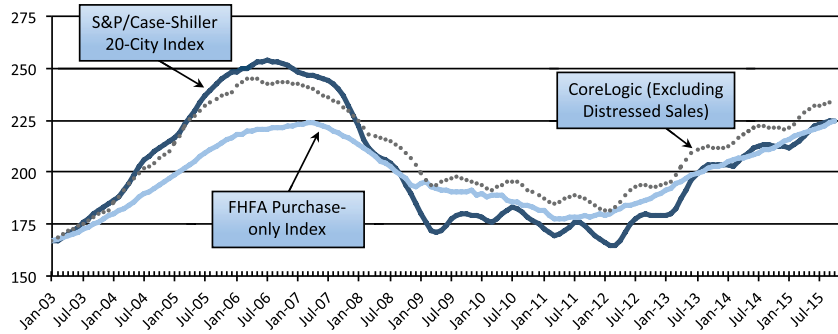
- **Sales of previously owned (existing) homes slumped in November to the slowest pace since April 2014, as a change in industry rules lengthened the time it took buyers to close a contract.** The National Association of Realtors® (NAR) reported that sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) fell 10.5 percent in November to 4.76 million (SAAR) from an October sales pace that was revised downward to 5.32 million units. NAR believes the drop in sales can be partially explained by the new CFPB's (Consumer Financial Protection Bureau's) 'Know Before You Owe' rule, which has increased the timeframe for completing sales transaction as the industry adjusts to the new rule. The length of time it took buyers to close on a home purchase was 41 days in November, up from 36 days a year earlier. Existing home sales have been above the 5 million mark for 8 out of 11 months this year. November sales were 3.8 percent below a year ago—the first year-over-year decline since September 2014.
- **The Administration's foreclosure mitigation programs continue to provide relief for millions of homeowners as the recovery from the housing crisis continues.** In all, more than 10.1 million mortgage modifications and other forms of mortgage assistance arrangements were completed between April 2009 and the end of November 2015. More than 2.5 million homeowner assistance actions have taken place through the Making Home Affordable Program, including nearly 1.6 million permanent modifications through the Home Affordable Modification Program (HAMP), while the Federal Housing Administration (FHA) has offered more than 3.0 million loss mitigation and early delinquency interventions through November. These Administration programs continue to encourage improved standards and processes in the industry, with lenders offering families and individuals more than 4.6 million proprietary modifications through October (data are reported with a 2-month lag). You can read the Treasury's MHA report [here](#).

Encouraging news notwithstanding, there is a need to continue with recovery efforts to foster home sales, help those homeowners that remain underwater, and reduce mortgage delinquency rates that remain elevated. There is also considerable geographic variation in market conditions not captured in the national statistics, which suggests some markets are improving at different rates than others.



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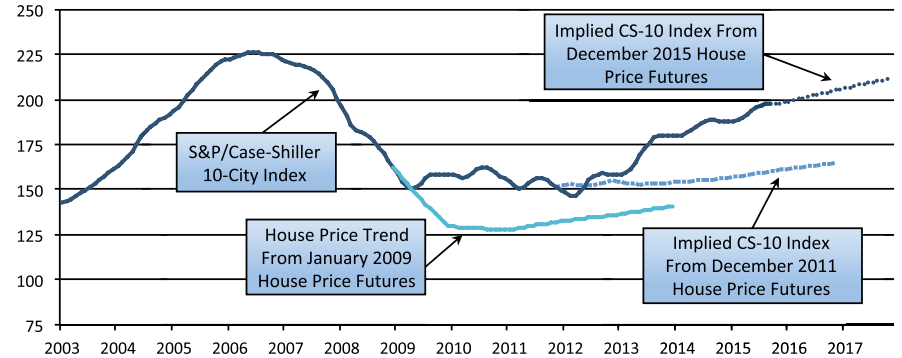
**House Prices Continue To Rise in October**  
Monthly House Price Trends by Index (\$ Thousands)



Sources: Standard & Poor's, Federal Housing Finance Agency, CoreLogic, and HUD. See Note 1, Sources and Methodology.

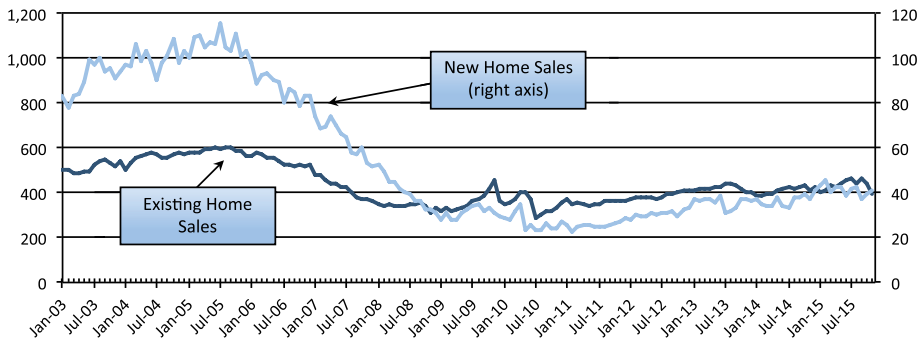
**Expectations on House Prices Above December 2011 Projections; Far Above January 2009 Projections**

S&P/Case-Shiller 10-City Index (NSA, Jan 2000 = 100) and Implied Index Values Based Upon House Price Futures Market as of Indicated Dates



Sources: Standard and Poor's, CME Group, and Radar Logic. See Note 2, Sources and Methodology.

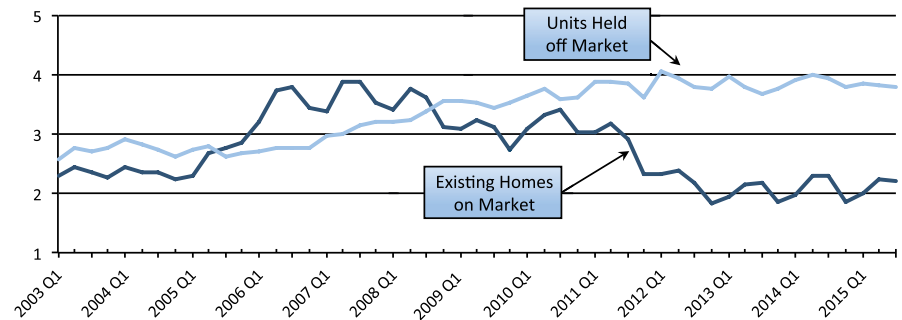
**New and Existing Home Sales**  
Monthly Sales (Thousands)



Seasonally Adjusted  
Sources: National Association of Realtors®, Census Bureau, and HUD. See Note 3, Sources and Methodology.

**Supply of Existing Homes on the Market Fairly Steady, Number of Units Held off the Market Remains High**

Existing Homes Available for Sale (End of Period) and Total Vacant Housing Units (Year Round) off Market (Millions)

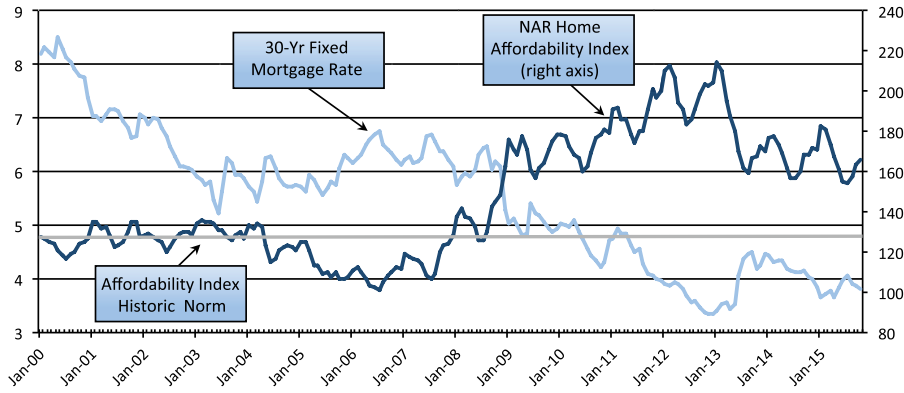


Sources: National Association of Realtors® and Census Bureau.



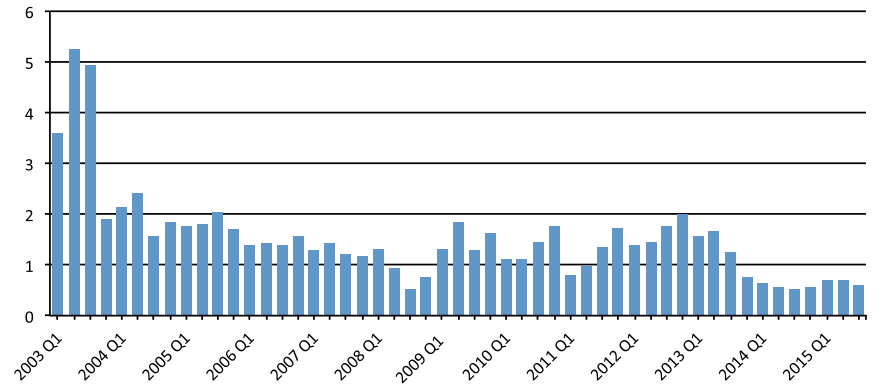
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**Home Affordability Remains Above Historic Norm, Mortgage Rate Within One Percentage Point of Historic Low**  
Percentage Rates And Index Values



The historic norm of 128 is the median value of the affordability index since 1989.  
Sources: Freddie Mac and National Association of Realtors®.

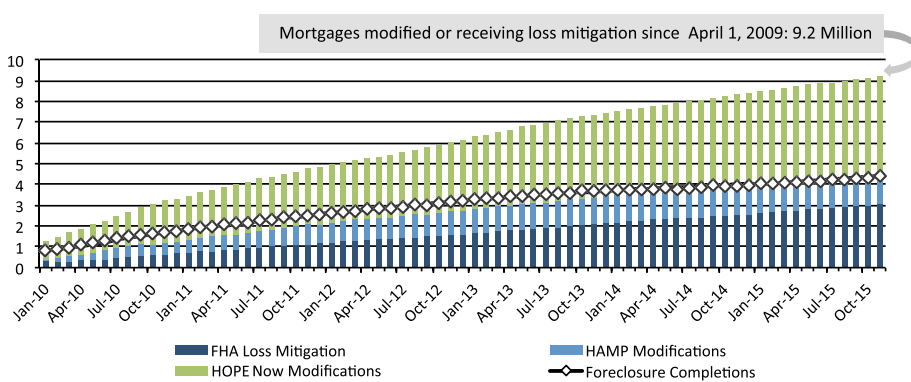
**31.1 Million Homeowners Have Refinanced Since April 1, 2009**  
Quarterly Refinance Mortgage Originations (Millions)



Sources: Mortgage Bankers Association and HUD.  
See Note 4 and Additional Notes, Sources and Methodology.

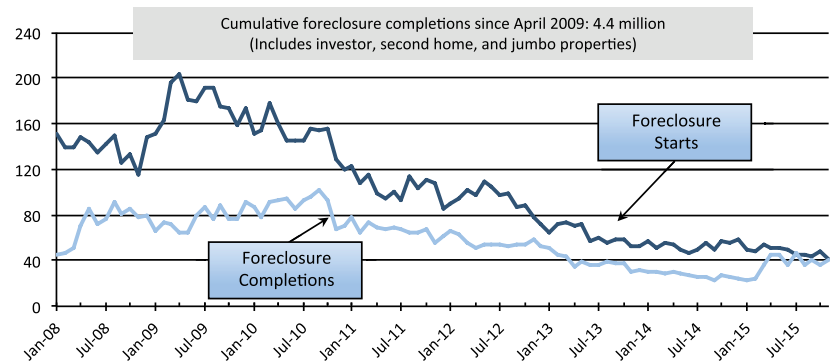
**Mortgage Aid Extended More Than 9.2 Million Times, Outpacing Foreclosures**

Cumulative Mortgages Receiving Aid and Mortgages Foreclosed Since April 1, 2009 (Millions)



Data exclude trial modifications. HOPE Now data through October 2015, all other data through November 2015.  
Sources: HUD, Dept. of Treasury, HOPE Now Alliance, and Realty Trac.  
See Note 5 and Additional Notes, Sources and Methodology.

**Mortgage Aid Helps Keep Foreclosure Filings Down**  
Monthly Foreclosure Actions (Thousands)



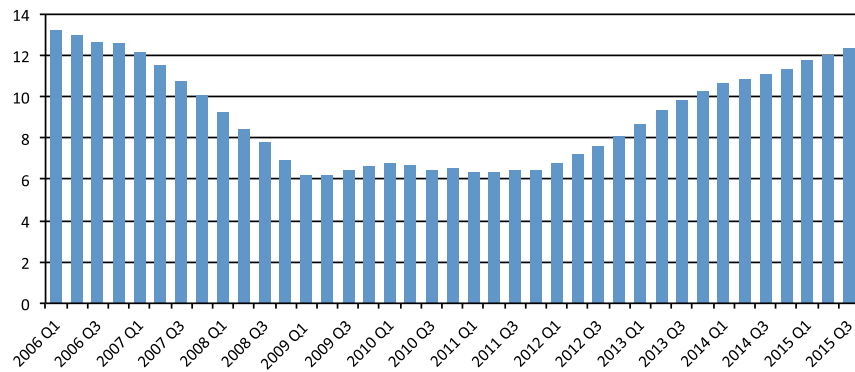
Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state.  
Source: Realty Trac.  
See Note 6, Sources and Methodology.



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## Home Equity Posts a Sharp Gain in the Third Quarter of 2015

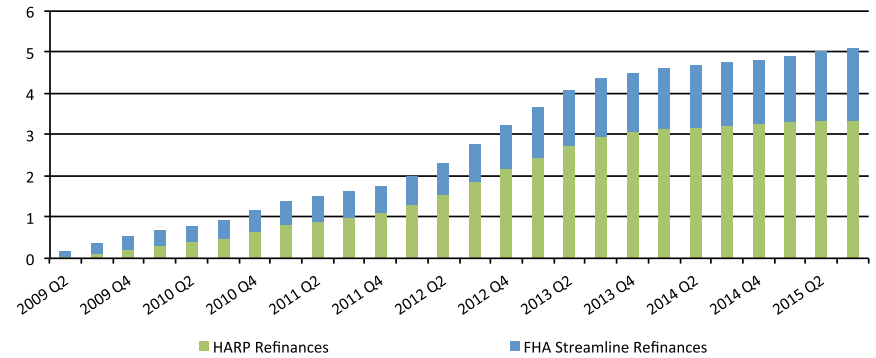
Owners' Equity in Household Real Estate at End of Period (\$ Trillions)



Source: Federal Reserve Board.

## Streamlined Refinancing Reduces Mortgage Payments

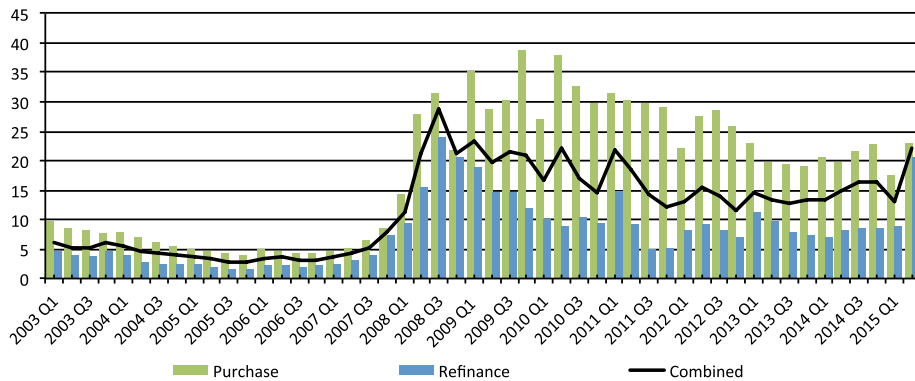
Cumulative Homeowners Benefitting From HARP and FHA Streamline Refinances Since April 1, 2009 (Millions)



Aggregate number of HARP and FHA streamline refinances since April 1, 2009.  
Sources: FHFA and HUD.  
See Note 7, Sources and Methodology.

## FHA Supports Mortgage Lending During Crisis

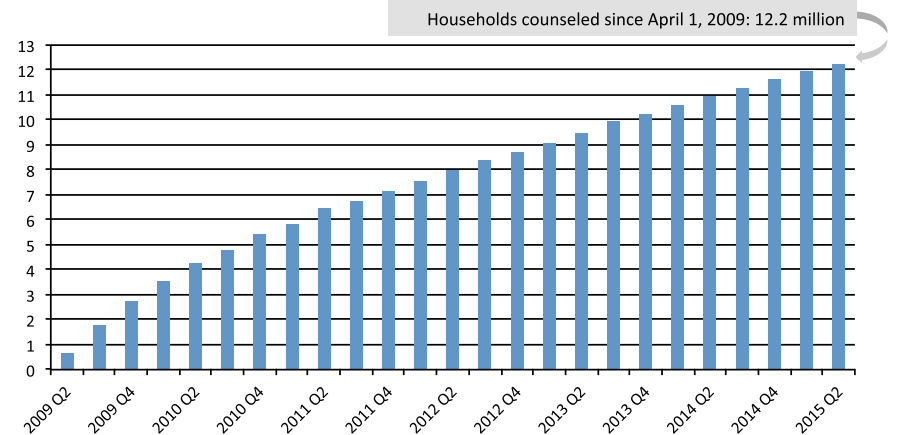
FHA As Share of Quarterly Mortgage Originations by Type (Percent)



Sources: MBA and HUD.  
See Note 8, Sources and Methodology.

## Housing Counselors Serve Millions of Families

Cumulative Households Counseled Since April 1, 2009 (Millions)



Source: HUD.



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## HOUSING ASSISTANCE AND STABILIZATION PERFORMANCE METRICS

Indicator	This Period	Last Period	Cumulative From April 1, 2009	Latest Release
Distressed Homeowners Assisted (thousands)				
HAMP Trial Modifications	8.5 (s)	9.1	2,387	November-15
HAMP Permanent Modifications	7.7 (s)	7.8	1,558	November-15
FHA Loss Mitigation Interventions	39.2	45.2	3,032	November-15
HOPE Now Modifications	22.1	22.1	4,608	October-15
HARP Refinances	7.8	9.1	3,367	October-15
FHA Streamline Refinances	15.6	19.6	1,787	November-15
Counseled Borrowers (thousands)	280.7	319.6	12,236	2nd Q 15
Activities Completed Under NSP (housing units)				
New Construction or Residential Rehab	-	-	43,606 [65,623] (b,s)	3rd Q 15
Demolition or Clearance	-	-	24,049 [24,310] (b,s)	3rd Q 15
Direct Homeownership Assistance	-	-	11,132[16,526] (b,s)	3rd Q 15
Change in Aggregate Home Equity (\$ billions)	360.9	259.5 (r)	6,140.4	3rd Q 15

## HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	As of Dec 2008	Latest Release
Mortgage Rates (30-Yr FRM, percent)	3.97	4.01	3.73	5.10	7-Jan16
Housing Affordability (index)	166.3	163.7 (r)	168.6	162.9	October-15
Home Prices (indices)					
Case-Shiller (NSA)	182.8	182.7 (r)	173.2	150.5	October-15
FHFA (SA)	227.5	226.4 (r)	214.5	195.5	October-15
CoreLogic-Excluding Distressed Sales (NSA)	184.9	183.1 (r)	173.8	159.9	October-15
Home Sales (thousands, SA)					
New	40.8	39.2 (r)	37.4	31.4	November-15
Existing	396.7	443.3 (r)	412.5	334.2	November-15
First-Time Buyers	140.0 (s)	154.4 (r,s)	148.5 (s)	149.9	November-15
Distressed Sales (percent, NSA)	11 (p)	11	13	32	October-15
Housing Supply					
Existing Homes for Sale (thousands, NSA)	2,040	2,110 (r)	2,080	3,130	November-15
Existing Homes-Months' Supply (months)	5.1	4.8	5.0	9.4	November-15
New Homes for Sale (thousands, SA)	232	227 (r)	210	353	November-15
New Homes for Sale-Months' Supply (months, SA)	5.7	5.8 (r)	5.6	11.2	November-15
Vacant Units Held Off Market (thousands)	3,788	3,822	3,922	3,542	3rd Q 15
Mortgage Originations (thousands)					
Refinance Originations	583.6	708.7	530.0	767.1	3rd Q 15
Purchase Originations	1,007.0	940.2	821.9	986.3	3rd Q 15
FHA Originations (thousands)					
Refinance Originations	22.6 (p)	27.9 (r)	14.3	62.9	November-15
Purchase Originations	54.3 (p)	71.9 (r)	43.8	72.7	November-15
Purchases by First-Time Buyers	43.7 (p)	51.9 (r)	35.7	56.2	November-15
Mortgage Delinquency Rates (percent)					
Prime	2.8	2.7	3.4	4.4	November-15
Subprime	27.4	26.7	31.6	34.3	November-15
FHA	9.5	9.3	10.8	14.3	November-15
Seriously Delinquent Mortgages (thousands)					
Prime	479	490 (r)	665	915	November-15
Subprime	626	622	927	1,632	November-15
FHA	453	450	545	333	November-15
Underwater Borrowers (thousands)	4,094	4,349	5,165	-	3rd Q 15
Foreclosure Actions (thousands)					
Foreclosure Starts	41.2	48.6	55.9	148.6	November-15
Foreclosure Completions	40.3	36.6	25.2	78.9	November-15
Short Sales	12.0 (p)	14.3 (r)	17.3	14.0	October-15
REO Sales	25.4 (p)	29.8 (r)	39.5	74.8	October-15

SA = seasonally adjusted, NSA = not SA, p = preliminary, r = revised, b = brackets include units in process, s = see Additional Notes in Sources and Methodology.



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SOURCES AND METHODOLOGY

A. Items in Tables

Description	Frequency	Sources	Notes on Methodology
Distressed Homeowners Assisted HAMP Trial Modifications HAMP Permanent Modifications FHA Loss Mitigation Interventions HOPE Now Modifications HARP Refinances FHA Streamline Refinances	Monthly Monthly Monthly Monthly Monthly Monthly	Treasury Treasury HUD Hope Now Alliance Federal Housing Finance Agency Federal Housing Administration	As reported. Also see additional note in Section C below on HAMP Tier 2. As reported. Also see additional note in Section C below on HAMP Tier 2. All FHA loss mitigation and early delinquency interventions. All proprietary modifications completed. As reported. Also see note 7 in Section B below, Notes on Charts. As reported. Also see note 7 in Section B below, Notes on Charts.
Counseled Borrowers (thousands)	Quarterly	HUD	Housing counseling activity reported by all HUD-approved housing counselors.
Completed Activities Under NSP (housing units) New Construction or Residential Rehab Demolition or Clearance Direct Homeownership Assistance	Quarterly Quarterly Quarterly	HUD HUD HUD	Housing units constructed/rehabilitated using Neighborhood Stabilization Program. Bracketed numbers include units in process. Housing units demolished/cleared using Neighborhood Stabilization Program. Bracketed numbers as above. Completed downpayment assistance or non-amortizing second mortgages by grantee to make purchase of NSP unit affordable. Bracketed numbers as above.
Change in Aggregate Home Equity	Quarterly	Federal Reserve Board	Difference in aggregate household owners' equity in real estate as reported in the Federal Reserve Board's Flow of Funds Accounts of the United States for stated time period.
Mortgage Rates (30-Yr FRM)	Weekly	Freddie Mac	Primary Mortgage Market Survey, as reported for 30-Year fixed rate mortgages (FRM).
Housing Affordability	Monthly	National Association of Realtors®	NAR's composite housing affordability index as reported. A value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that a family earning the median income has more than enough income to qualify.
Home Prices Case-Shiller (NSA) FHFA (SA) CoreLogic - Excluding Distressed Sales (NSA)	Monthly Monthly Monthly	Standard and Poor's Federal Housing Finance Agency CoreLogic	Case-Shiller 20-metro composite index, January 2000 = 100. Standard and Poor's recommends use of not seasonally adjusted index when making monthly comparisons. FHFA monthly (purchase-only) index for US, January 1991 = 100. CoreLogic national combined index, distressed sales excluded, January 2000 = 100. (Only available as NSA).
Home Sales (SA) New Existing First Time Buyers Distressed Sales (NSA)	Monthly Monthly Monthly Monthly	HUD and Census Bureau National Association of Realtors® NAR, Census Bureau, and HUD CoreLogic	Seasonally adjusted annual rates divided by 12. A newly constructed house is considered sold when either a sales contract has been signed or a deposit accepted, even if this occurs before construction has actually started. Seasonally adjusted annual rates divided by 12. Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings. This differs from the U.S. Census Bureau's series on new single-family home sales, which are based on contracts or the acceptance of a deposit. Sum of seasonally adjusted new and existing home sales (above) multiplied by National Association of Realtors® annual estimate of first time buyer share of existing home sales. Short sales and REO (Real Estate Owned) sales as a percent of total existing home sales (current month subject to revision).
Housing Supply Existing Homes for Sale (NSA) Existing Homes - Months' Supply New Homes for Sale (SA) New Homes for Sale - Months' Supply (SA) Vacant Units Held Off Market	Monthly Monthly Monthly Monthly Quarterly	National Association of Realtors National Association of Realtors HUD and Census Bureau HUD and Census Bureau Census Bureau	As reported. As reported. As reported. As reported. As reported in Census CPS/HPS Table 4. Estimates of Housing Inventory, line item "Year-round vacant, held off market for reasons other than occasional use or usually reside elsewhere." Vacant units can be held off the market for a variety of reasons.
Mortgage Originations Refinance Originations Purchase Originations	Quarterly Quarterly	Mortgage Bankers Association and HUD Mortgage Bankers Association and HUD	HUD estimate of refinance originations based on MBA estimate of dollar volume of refinance originations. HUD estimate of home purchase originations based on MBA estimate of dollar volume of home purchase originations.
FHA Originations Refinance Originations Purchase Originations Purchases by First Time Buyers	Monthly Monthly Monthly	HUD HUD HUD	FHA originations reported as of date of loan closing. Estimate for current month scaled upward due to normal reporting lag and shown as preliminary.
Mortgage Delinquency Rates (NSA) Prime Subprime FHA	Monthly Monthly Monthly	LPS Applied Analytics LPS Applied Analytics HUD	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced. Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced. Total FHA mortgages past due (30+ days) but not in foreclosure, divided by FHA's insurance in force.
Seriously Delinquent Mortgages Prime Subprime FHA	Monthly Monthly Monthly	LPS Applied Analytics, MBA, and HUD LPS Applied Analytics, MBA, and HUD HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market. Mortgages 90+ days delinquent or in foreclosure, scaled up to market. Mortgages 90+ days delinquent or in foreclosure.
Underwater Borrowers	Quarterly	CoreLogic	As reported.
Foreclosure Actions Foreclosure Starts Foreclosure Completions Short sales REO Sales	Monthly Monthly Monthly Monthly	Realty Trac Realty Trac CoreLogic CoreLogic	Foreclosure starts are reported counts of notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state. Real Estate Owned (REO). Count of Short Sales for the month as reported (current month subject to revision). Count of REO (Real Estate Owned) Sales for the month as reported (current month subject to revision).



## SOURCES AND METHODOLOGY

### B. Notes on Charts.

1. Monthly house price trends shown as changes in respective house price indices applied to a common base price set equal to the median price of an existing home sold in January 2003 as reported by the National Association of Realtors. Indices shown: S&P/Case Shiller 20-metro composite index (NSA), January 2000 = 100, FHFA monthly (purchase-only) index for US (SA), January 1991 = 100, and CoreLogic-Distressed Sales Excluded (Monthly) for US (NSA), January 2000 = 100.
2. S&P/Case-Shiller 10-metro composite index (NSA) as reported monthly. Implied Case-Shiller futures index figures report forward expectations for the level of the S&P/Case Shiller index as of the date indicated, estimated from prices of futures purchased on the Chicago Mercantile Exchange reported by CME Group. The January 2009 market trend projection reports forward expectations estimated from prices of futures contracts reported by Radar Logic. Also see additional note in Section C below.
3. Reported seasonally adjusted annual rates for new and existing home sales divided by 12.
4. HUD estimate of refinance originations based on MBA estimate of dollar volume of refinance originations.
5. Cumulative HAMP permanent modifications started, FHA loss mitigation and early delinquency interventions, plus proprietary modifications completed as reported by HOPE Now Alliance. Some homeowners may be counted in more than one category. Foreclosure completions are properties entering Real Estate Owned (REO) as reported by Realty Trac. Also see additional note in Section C below on HAMP Tier 2.
6. Beginning with the September 2012 release, filings of a notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state, are reported for foreclosure starts. Foreclosure defaults previously had been reported as a proxy for foreclosure starts. Foreclosure completions are properties entering REO. Both as reported by Realty Trac.
7. Streamlined refinances are designed to lower the monthly principal and interest payments on a mortgage. The refinances are referred to as "streamlined" because they involve less paperwork, reducing the time it takes to process the loan. The agency permitting the streamline refinance already bears the credit risk on the original loan and does not require full underwriting (enabling homeowners whose current loans may be underwater to qualify). For information on FHA streamline refinances, see: [http://portal.hud.gov/hudportal/documents/huddoc?id=4155-1\\_6\\_secC.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=4155-1_6_secC.pdf). For information on HARP refinances, see: <http://www.harp.gov/about>.
8. FHA market shares as FHA purchase and refinance originations divided by HUD estimates of purchase and refinance mortgage originations as noted in "Mortgage Originations" above. See additional note below on FHA market share.

### C. Additional Notes.

Beginning with the February 2013 release, the House Price Expectations Chart was updated by replacing market expectations as they existed in January 2009 with expectations as of December 2011. Prices of futures purchased for the S&P/Case-Shiller 10-metro composite index, available on the web from CME Group, were used to estimate expectations for December 2011 and for the current month. Market trend as of January 2009 is estimated from percentage changes in house price futures based on a different house price index: RadarLogic RPX. This trend has been added back to the chart because it imparts important information on how house price expectations have changed over time.

Beginning with the January 2013 release, mortgage aid under HAMP Tier 2 is included in the totals. Effective June 2012, HAMP Tier 2 expanded eligibility requirements to further reduce foreclosures and help stabilize neighborhoods. For non-GSE loans, eligibility was expanded to allow for more flexible debt-to-income criteria and to include properties currently occupied by a tenant, as well as vacant properties which a borrower intends to rent.

FHA market share estimates are based on new methodology beginning with the October 2013 report; estimates were revised back through Q1 2013. See the FHA Market Share report on their website for an explanation of the new methodology: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/rmra/oe/rpts/fhamktsh/fhamktqtrly](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/oe/rpts/fhamktsh/fhamktqtrly).

The Q3 2015 NSP actual count was revised for demolition and clearance and both the actual and projection counts were revised for direct homeownership assistance.

The estimate for first-time buyers was revised downward from 38 percent to 33 percent beginning with the November 2014 release based on the NAR Profile of Home Buyers and Sellers 2014.



# Appendix

The Administration has taken a broad set of actions to stabilize the housing market and help American homeowners. Three years ago, stress in the financial system had severely reduced the supply of mortgage credit, limiting the ability of Americans to buy homes or refinance mortgages. Millions of responsible families who had made their monthly payments and had fulfilled their obligations saw their property values fall. They also found themselves unable to refinance at lower mortgage rates.

In February 2009, less than one month after taking office, President Obama announced the Homeowner Affordability and Stability Plan. As part of this plan and through other housing initiatives, the Administration has taken the following actions to strengthen the housing market:

- Supported Fannie Mae and Freddie Mac to ensure continued access to affordable mortgage credit;
- The Federal Reserve and the U.S. Treasury purchased more than \$1.4 trillion in agency mortgage backed securities through independent MBS purchase programs, helping to keep mortgage rates at historic lows;
- Launched a modification initiative to help homeowners reduce mortgage payments to affordable levels and to prevent avoidable foreclosures;
- Launched a \$23.5 billion Housing Finance Agencies Initiative to increase sustainable homeownership and rental resources;
- Supported the First Time Homebuyer Tax Credit, which helped more than 2.5 million American families purchase homes;
- Provided more than \$5 billion in support for affordable rental housing through low income housing tax credit programs and \$6.92 billion in support for the Neighborhood Stabilization Program to restore neighborhoods hardest hit by the concentrated foreclosures;
- Created the \$7.6 billion HFA Hardest Hit Fund for innovative foreclosure prevention programs in the nation's hardest hit housing markets;
- Launched the \$1 billion Emergency Homeowners Loan Program, as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, to help unemployed and underemployed homeowners pay a portion of their monthly mortgage.
- Created an FHA Short Refinance Option that helps underwater borrowers refinance into a new, stable, FHA-insured mortgage that is more aligned with actual property values.
- Supported home purchase and refinance activity through the FHA to provide access to affordable mortgage capital and help homeowners prevent foreclosures.
- Implemented a series of changes to the Home Affordable Refinance Program (HARP) in an effort to attract more eligible borrowers who can benefit from refinancing their home mortgages during this time of historically low mortgage rates.

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