

2021 National Homeownership Market Survey

June 22, 2021



Methodology

Gen pop Survey

April 13-21, 2021

n = 1,000 (MoE +/- 3.1%), online sample

Nationally representative (age, gender, race, region, and education)

- 68% homeowners (an additional 10% past homeowners)
- 47% first time homeowners/recent first-time homebuyers
- 26% prospective homebuyers
- Racial breakdown: 63% white, 17% Hispanic, 14% African American, 5% Asian, 1% Other

Oversamples

African Americans; n = 204

Hispanics; n = 236

Each oversample weighted to be nationally representative of the group by age, gender, race, region, and education

Key Findings

Americans view homeownership as important, largely because it provides both financial stability and security to their lives.

Limited affordable housing, housing insecurity, and the low supply in the housing market itself are viewed as the top home buying challenges among all Americans.

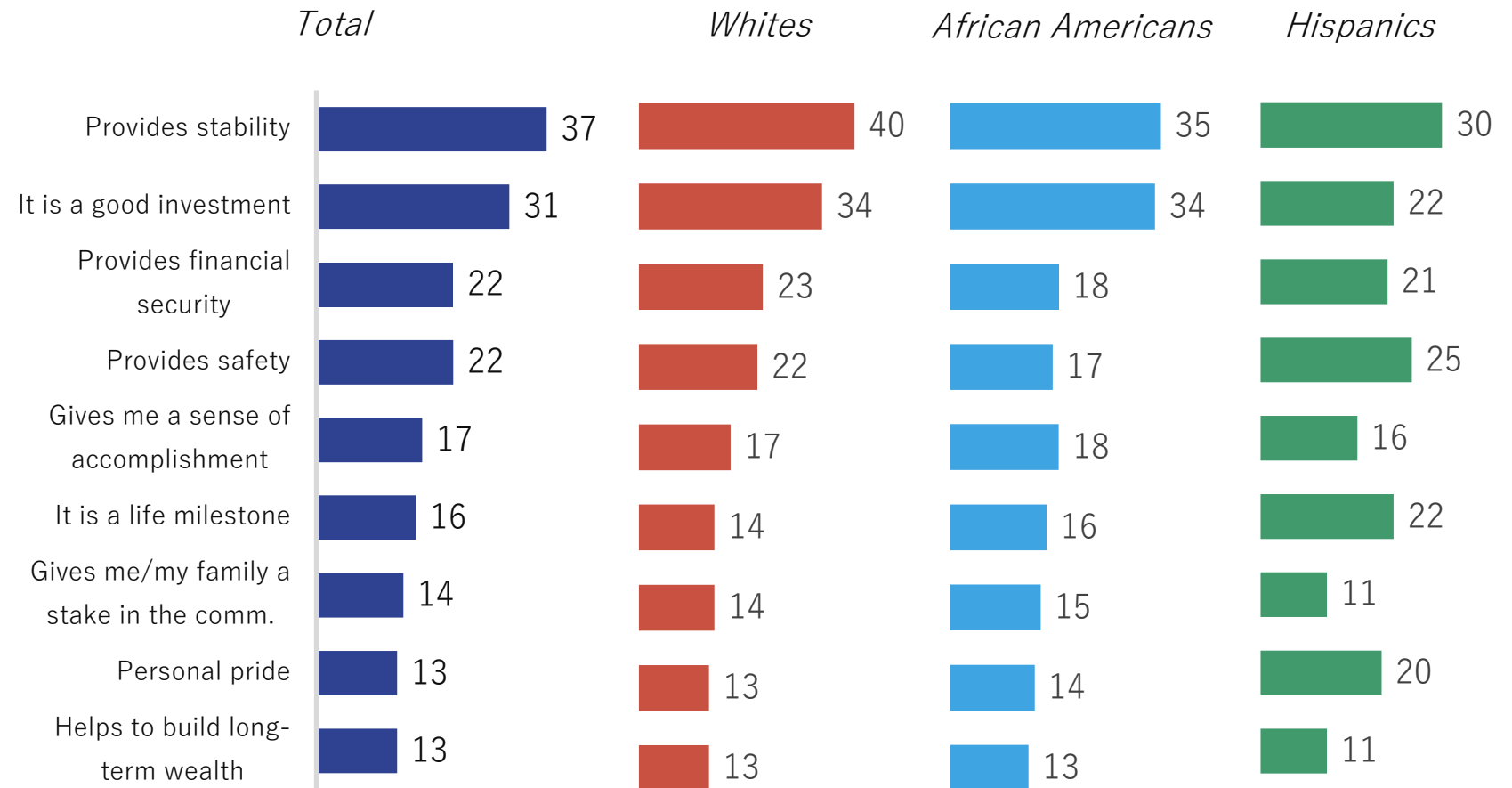
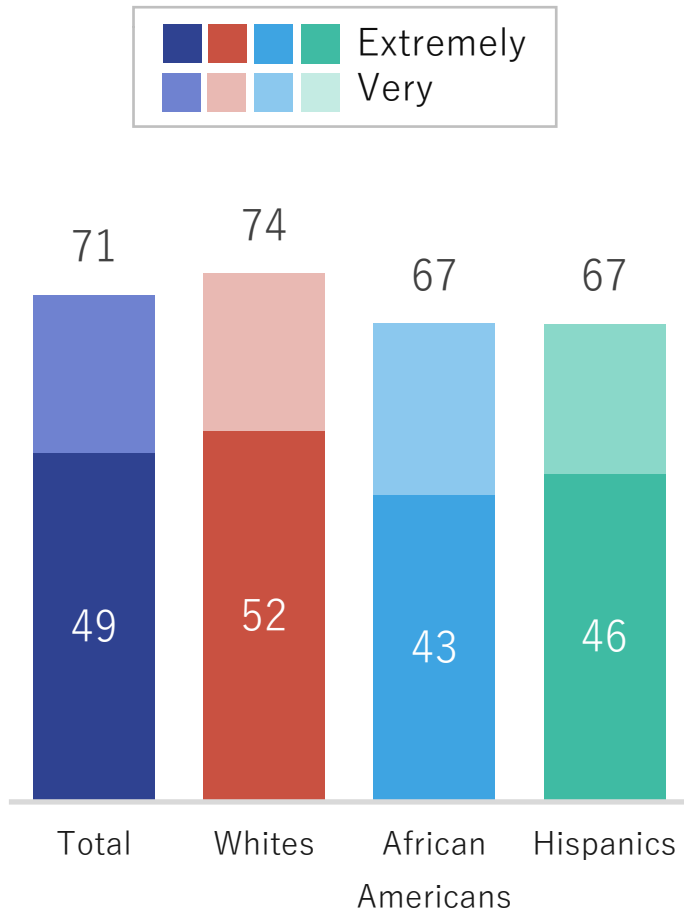
Minorities are more likely to say the problems are related to racial disparities. This disparity, however, appears to be driven more by economic situations than by specific racial bias.

Minorities' homebuying challenges are due to credit history, high levels of debt, and inability to afford a down payment.

An aerial photograph of a suburban housing landscape. The foreground shows a row of dark brick houses with red roofs, arranged in a neat row along a street. The middle ground is filled with a dense residential area, featuring a mix of house styles and colors, interspersed with green trees and lawns. The background shows a vast, flat landscape extending to the horizon under a sky filled with large, white, fluffy clouds. A thin teal horizontal line is positioned above the text.

Housing Landscape and Race

Most see owning a home as important for stability & financial security

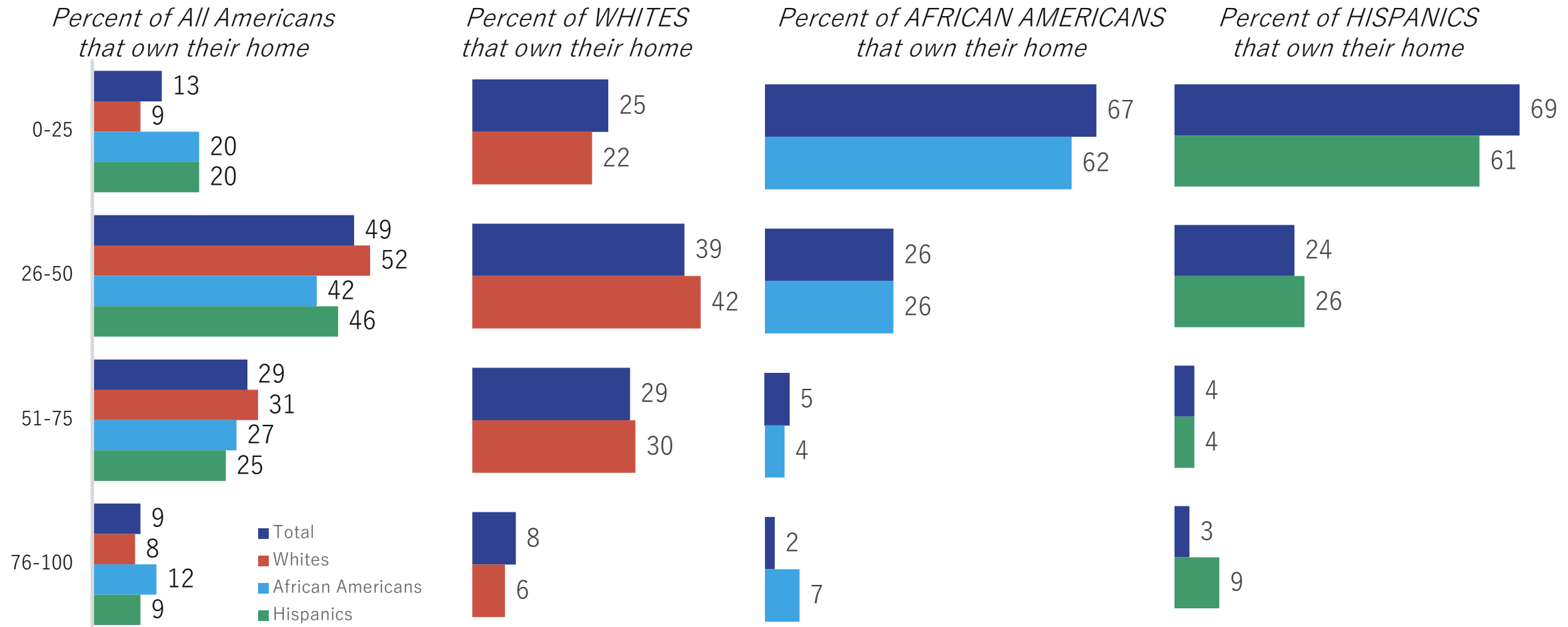


(left side) Q. How important is owning a home to you?

(right four) Q. Which of the following are the TWO most important reasons for owning a home to you?

Most believe less than 1 in 4 minorities own their own home

Homeownership perceptions about whites nearly double that of minorities. According to the U.S. Census Q1 2021 data, however, the homeownership rate nationwide is 65.6%: whites 73.8%, Hispanics 49.3% and African Americans 45.1%.



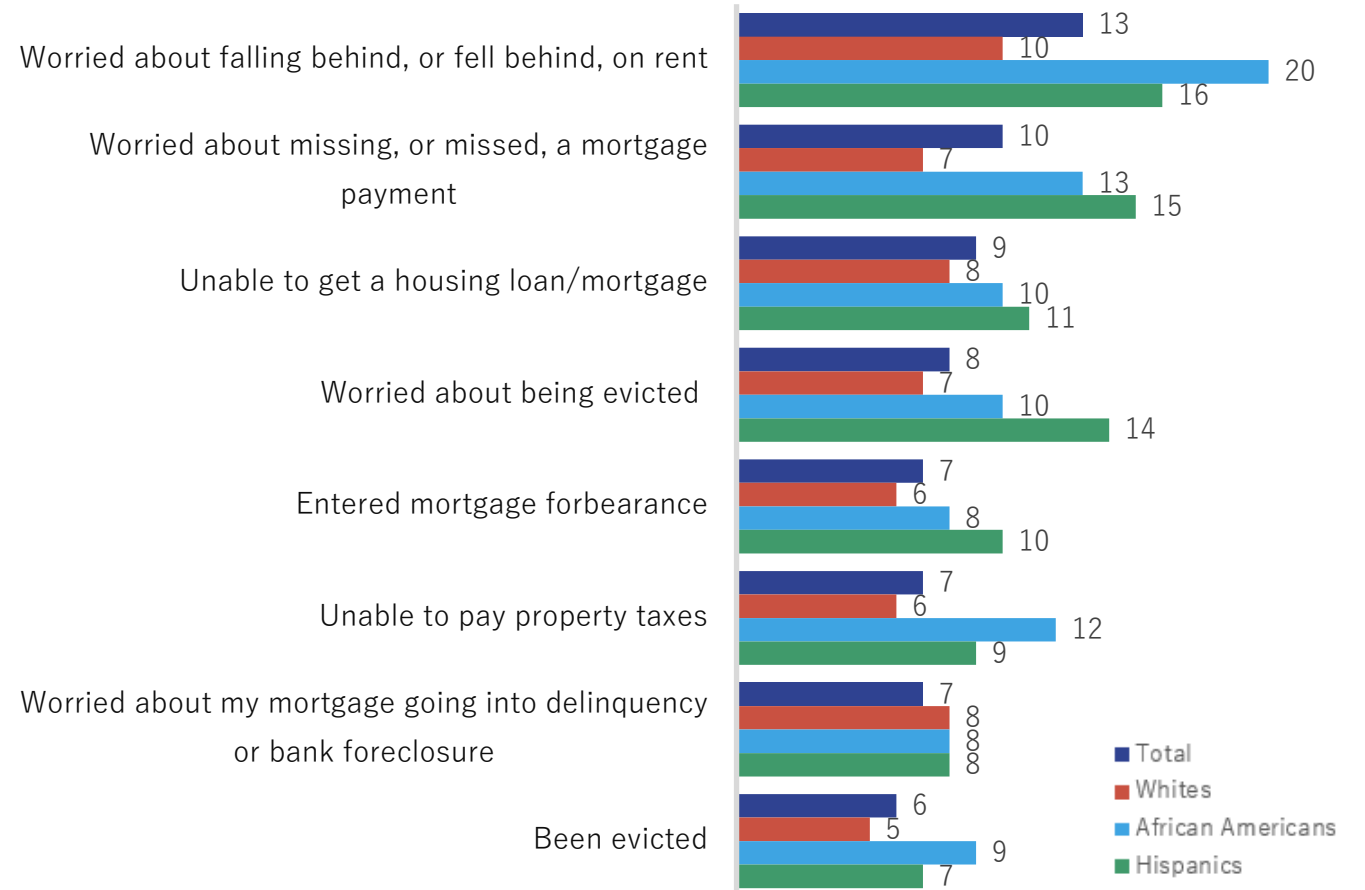
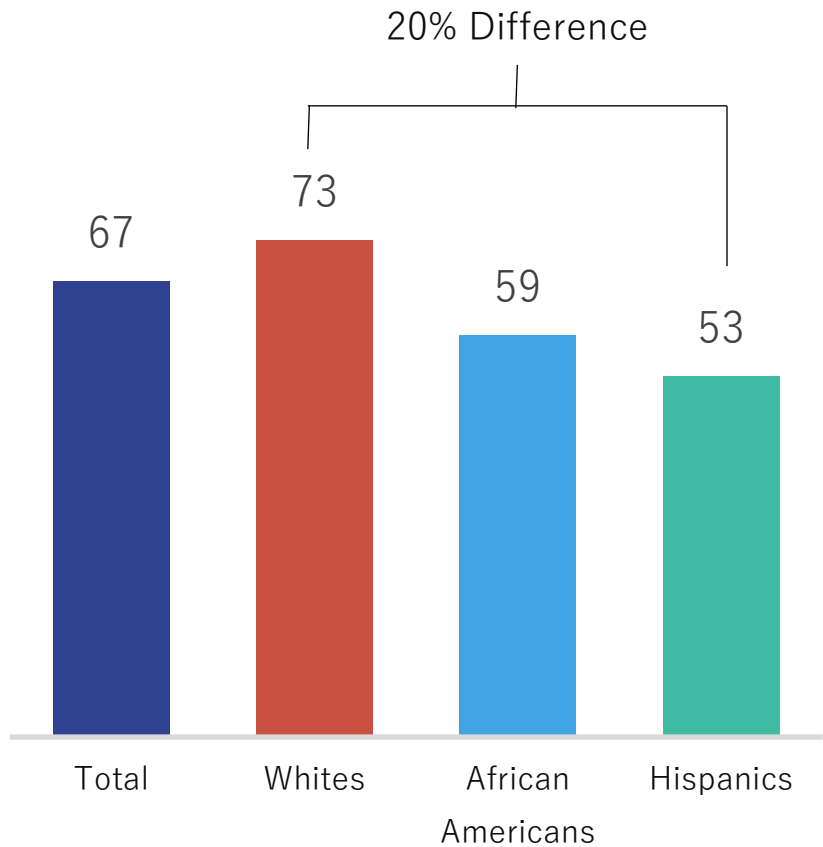
(left side) Q. Enter a number from 0-100 – What percentage of Americans do you think own their homes?

(right three) Q. Enter what percentage of the following groups you think own homes today? You can enter any number between 0 to 100 percent.

Whites are much more likely to NOT have faced a housing problem in the last year

Minorities more likely to worry about falling behind and making housing payments

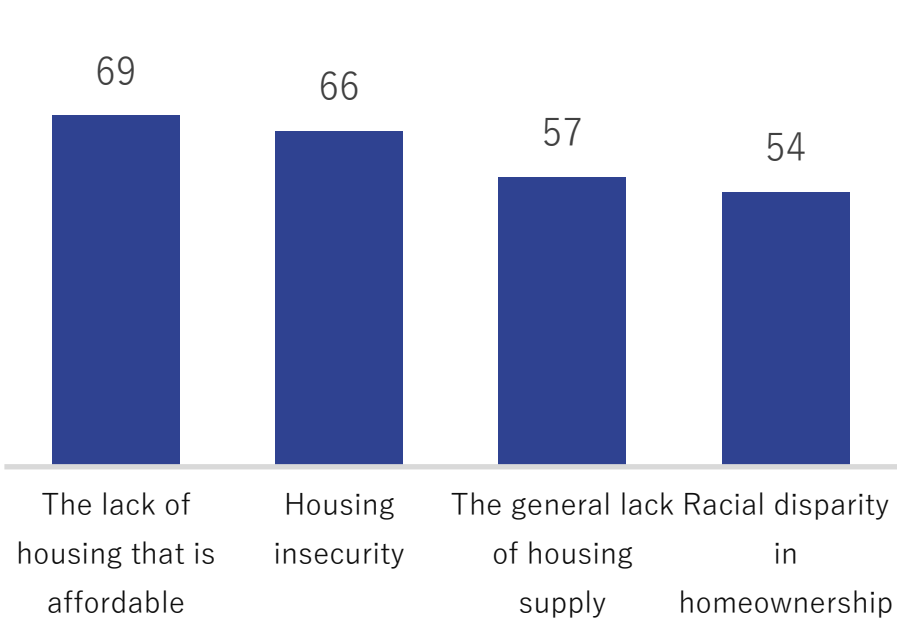
No Perceived Problems



**Racial Disparity Is Real,
But Housing Problems
Appear to be Driven More
by Economic Issues**

Housing affordability and insecurity seen as biggest housing issue

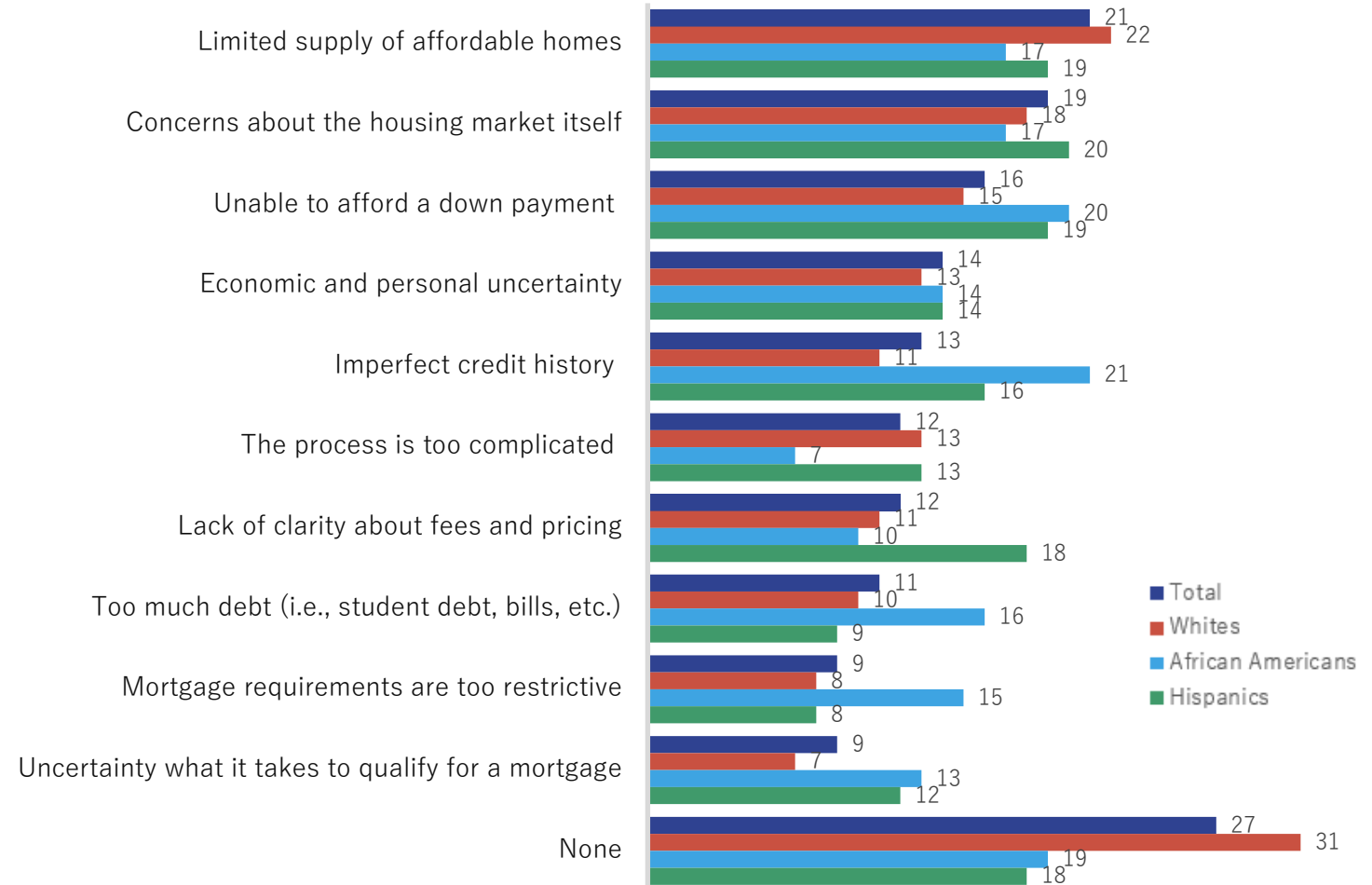
African Americans are more likely to perceive housing issues; both Hispanics and African Americans more likely to worry about making housing payments



- Lack of affordable housing – **74% among AA**
- Housing insecurity – **73% among AA**
- Lack of supply – **66% among Hispanics**
- Racial disparity in homeownership – **50% among Whites; 60% among Hispanics; 71% among AA**

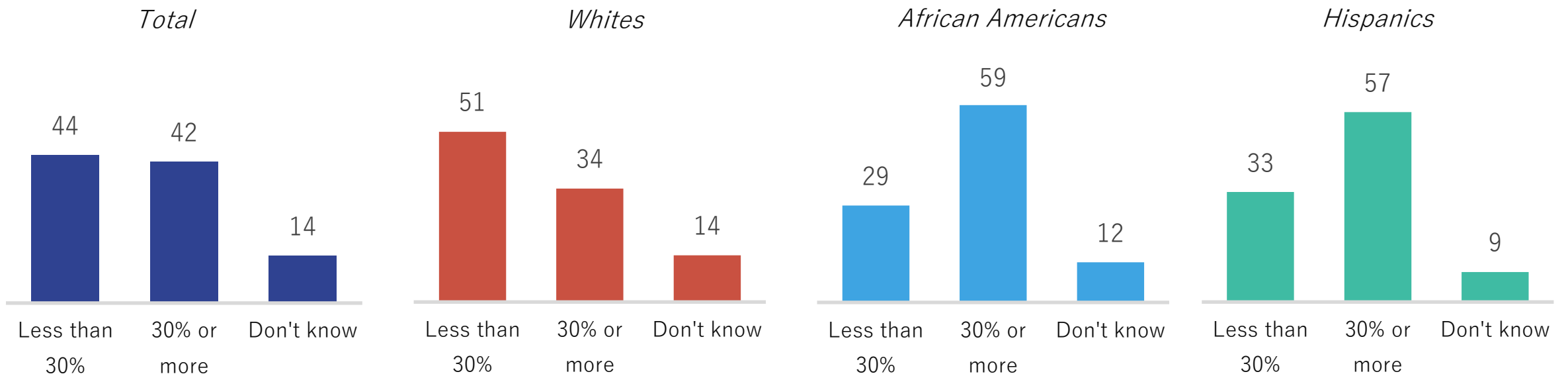
(left side) Q. Below is a list of issues relating to housing. Please select how big a problem you think each of them are.
 (right side) Q. When it comes to buying a home, what are the TWO biggest challenges you might face?

Home-buying Challenges



Minorities spend a greater percent of income on housing

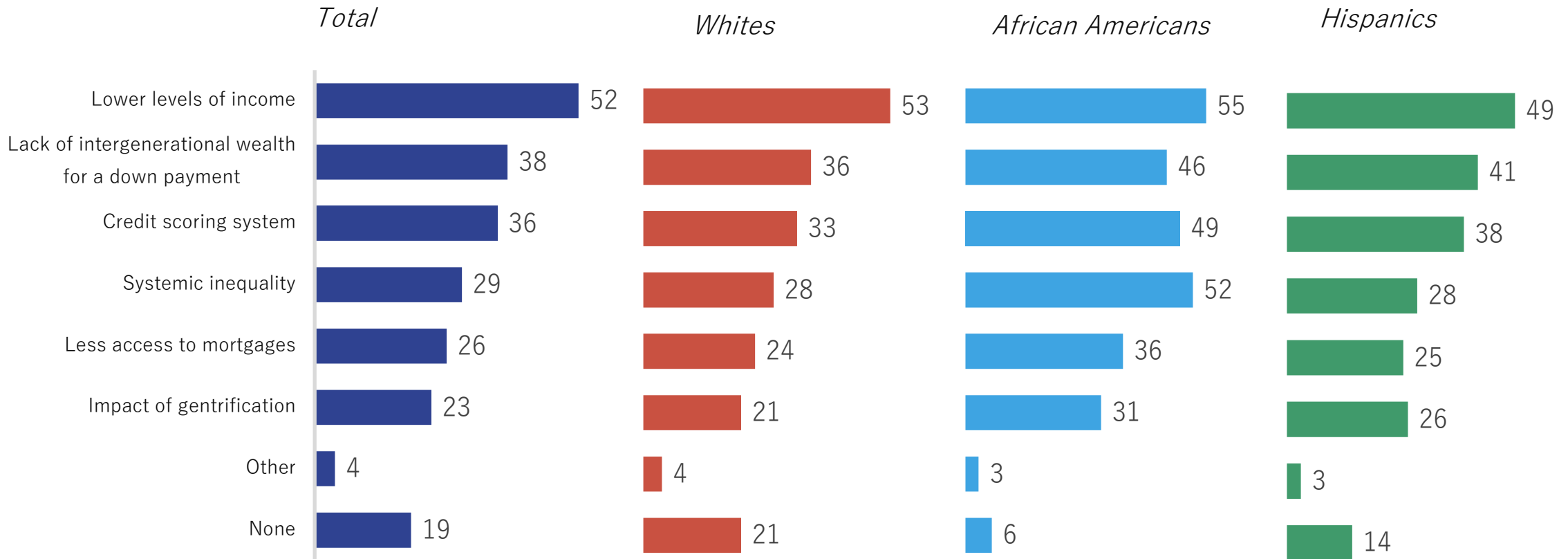
Percent spent on housing is not driven by income or education levels



Economic issues biggest barriers for minority homeownership

African Americans much more likely to see systemic inequality, credit scores as an issue; Whites are 3x more likely to say there are no barriers to minority ownership than African Americans

Barriers to minority home ownership



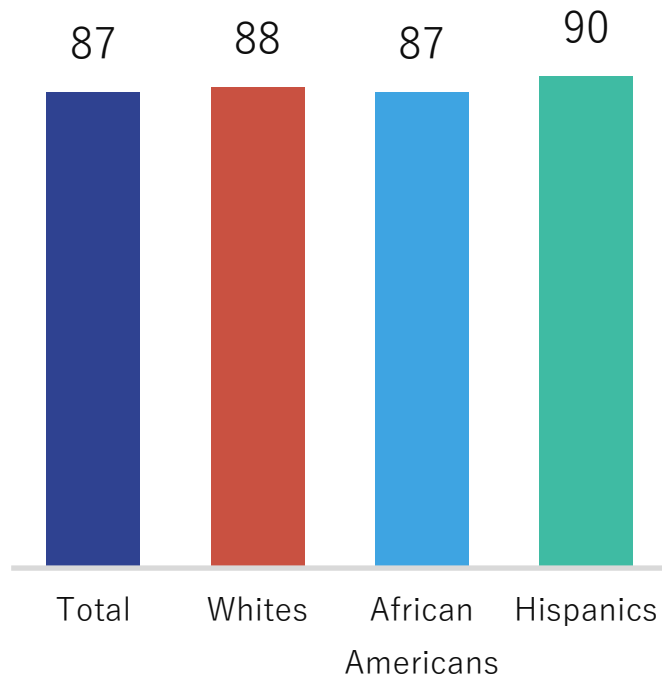


Mortgage Perceptions and Knowledge of the Homebuying Process

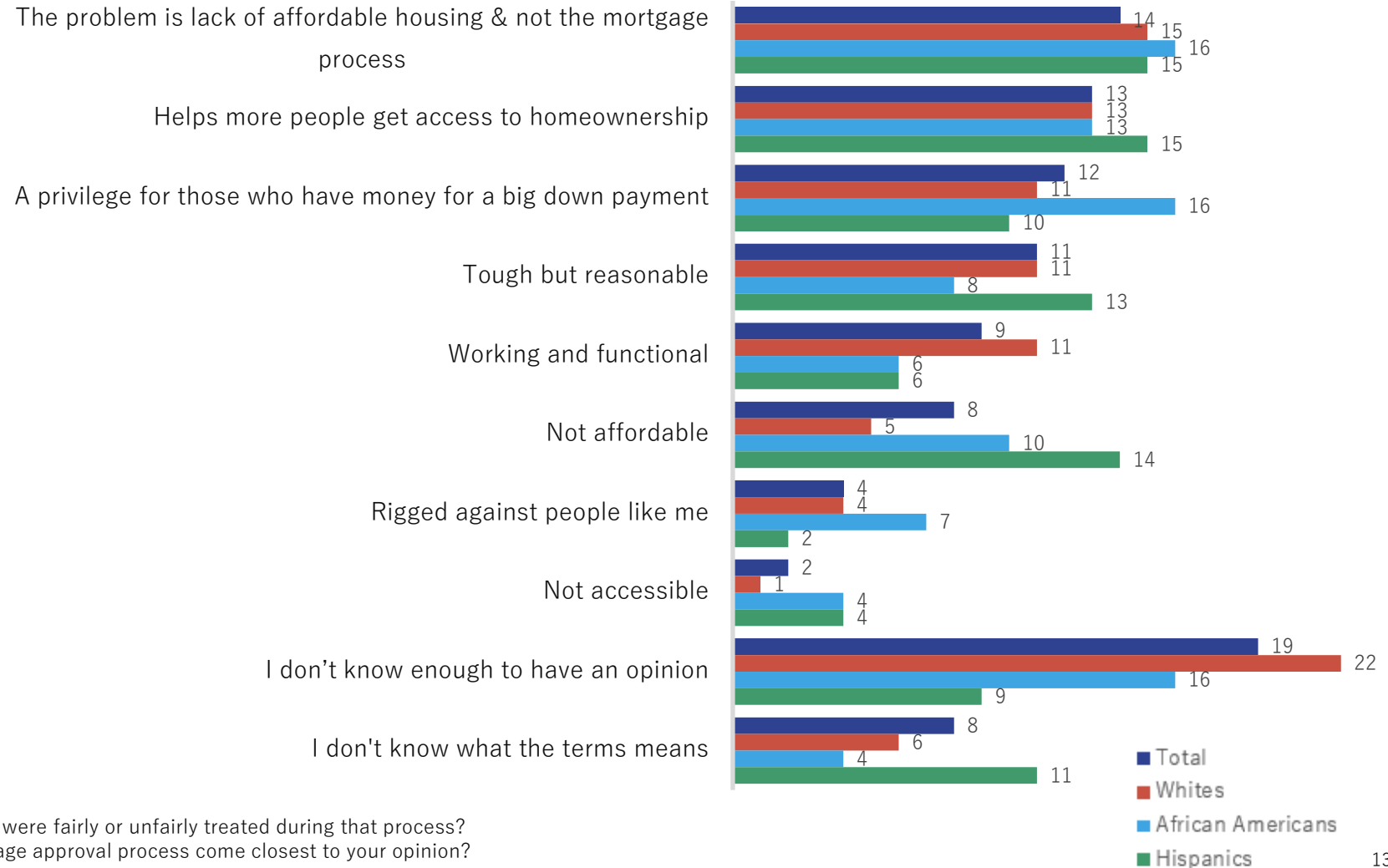
Among homeowners, the mortgage process widely viewed as fair

There is more skepticism about fairness among African Americans

Fairly treated



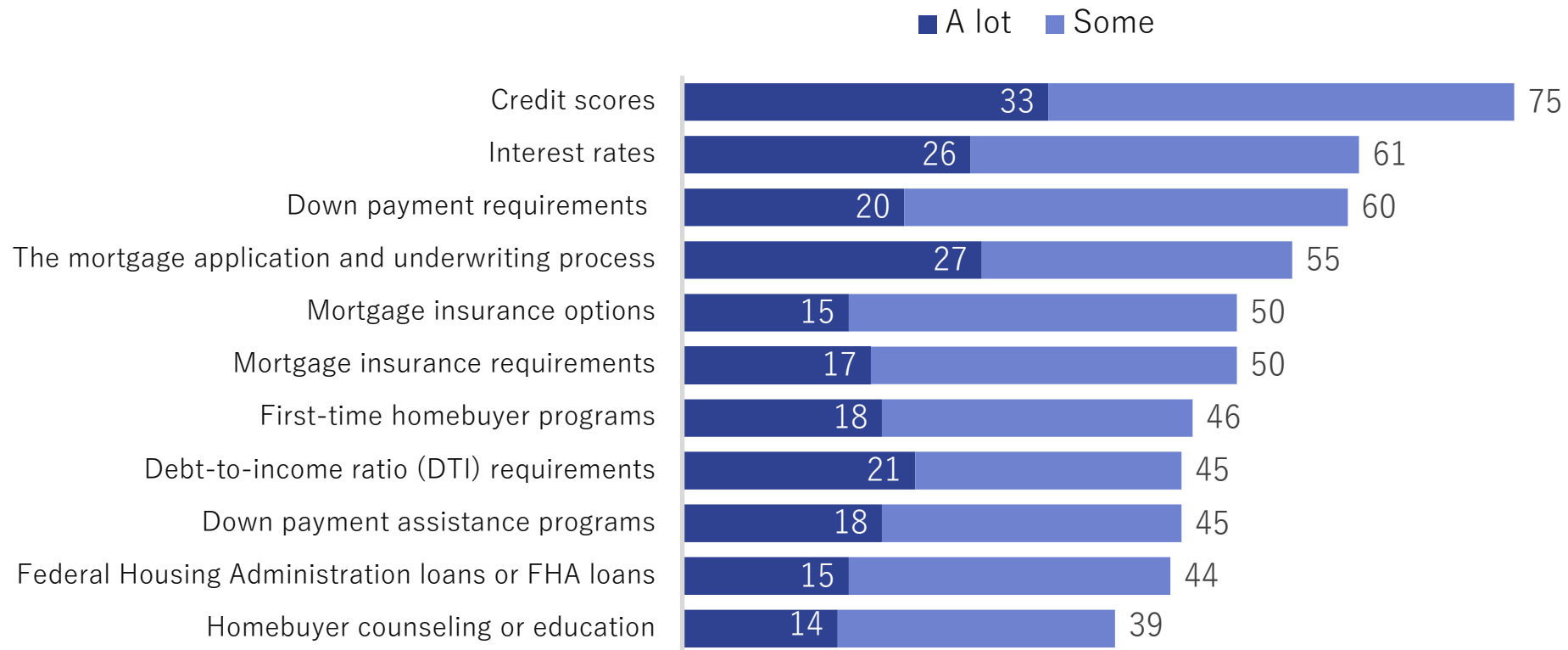
Mortgage approval process



(left side) Q. When it comes to your mortgage, do you feel that you were fairly or unfairly treated during that process?

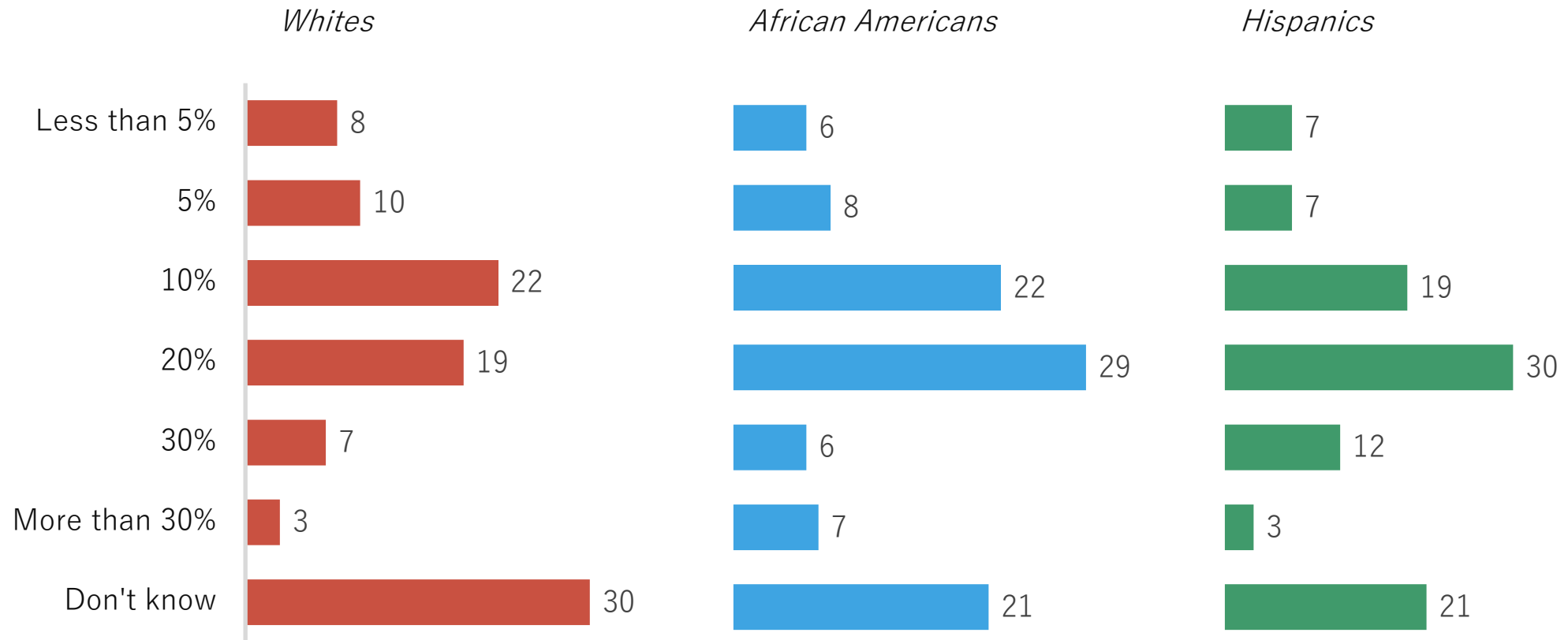
(right side) Q. Which of the following descriptions about the mortgage approval process come closest to your opinion?

Most have some level of knowledge about mortgage components



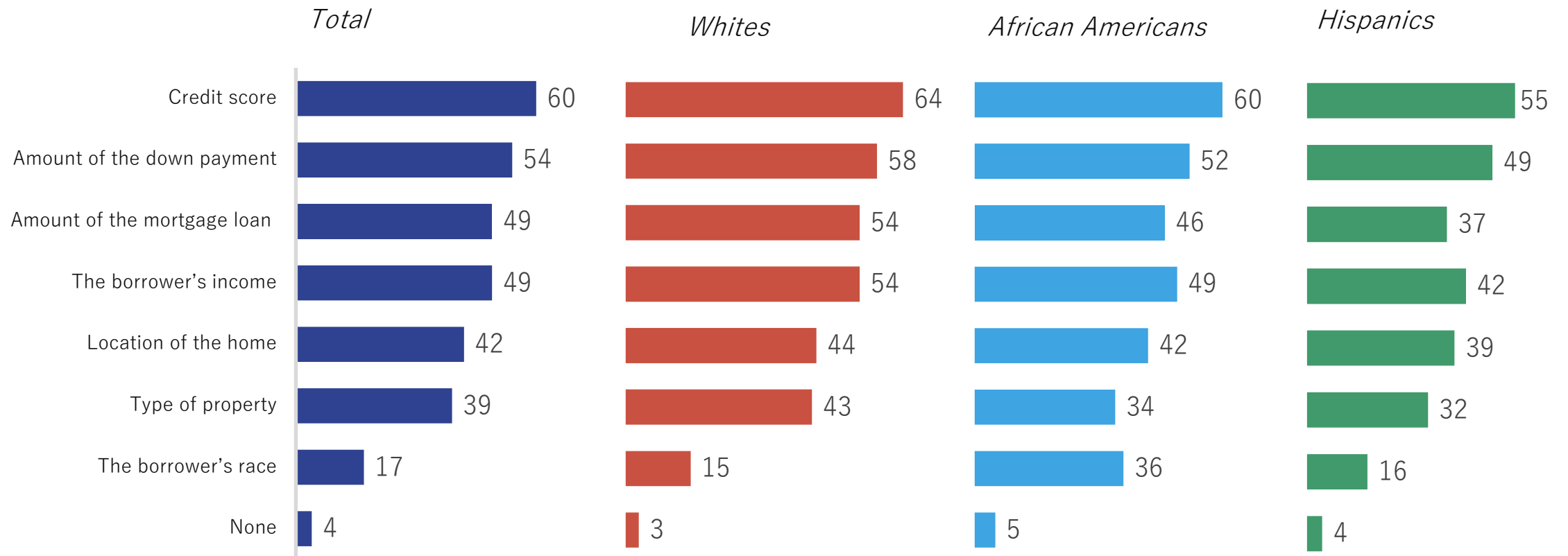
But, there's confusion about the down payment requirements

When it comes to minimum required down payments, very few realize that <5% is the minimum required and pluralities believe it is 20%



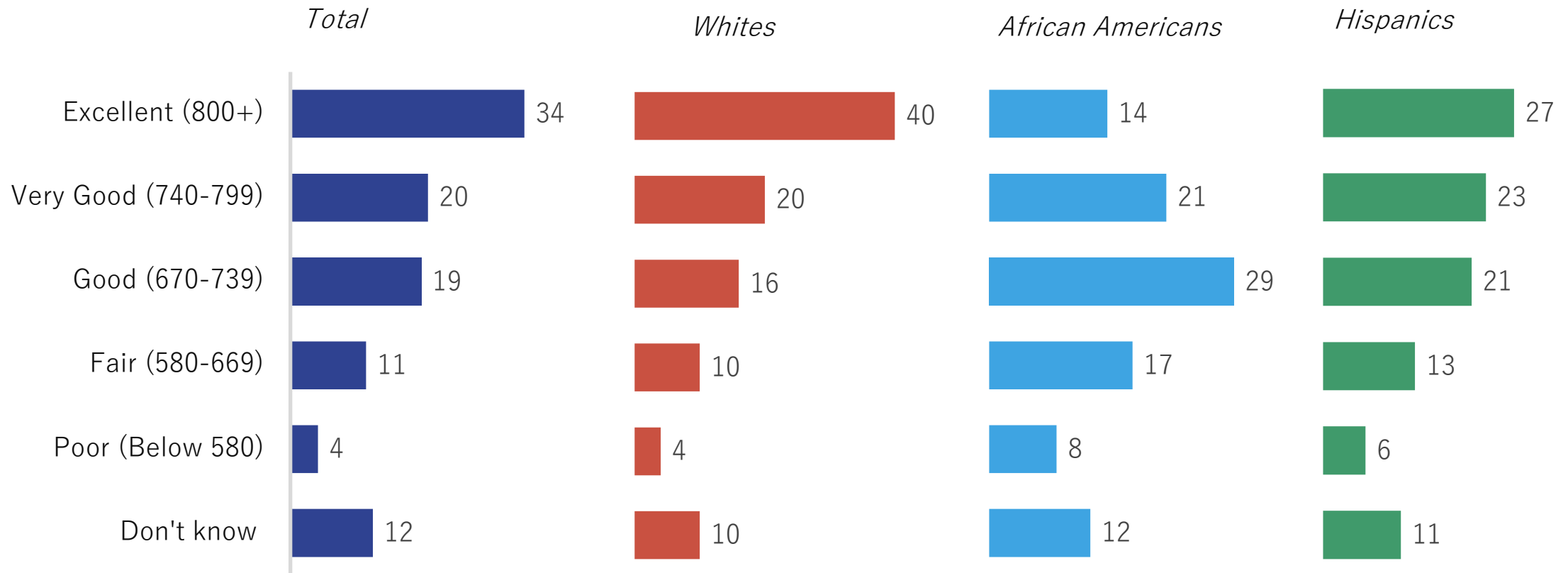
Credit scores viewed as having the most impact on mortgage cost

Over a third of African Americans believe the borrower's race impacts the cost of a mortgage



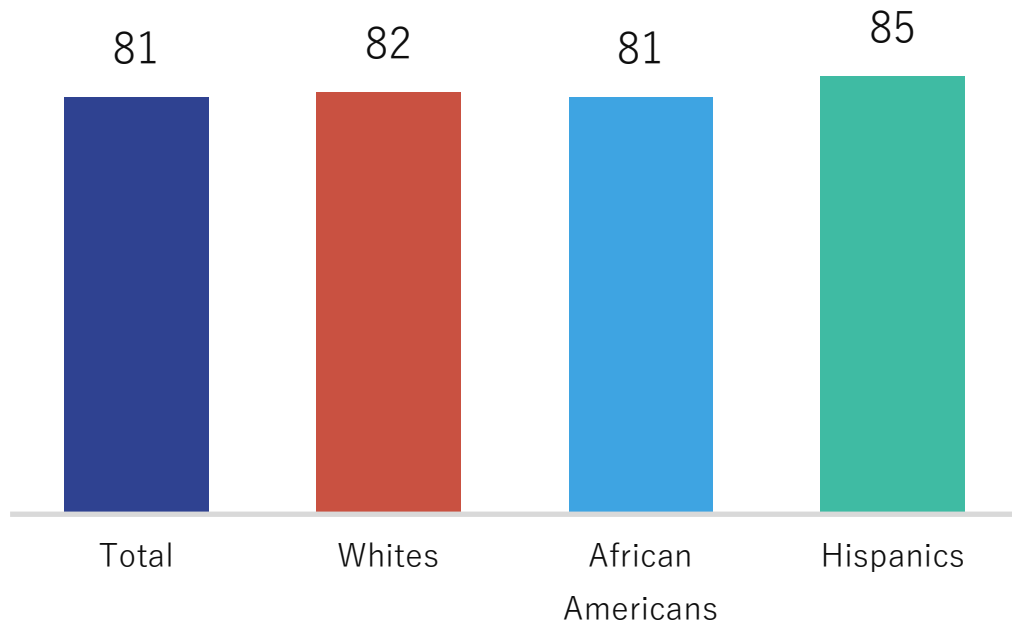
Minorities have significantly lower self-reported credit scores

A significant number of African Americans self-report credit scores which would result in costlier mortgage credit

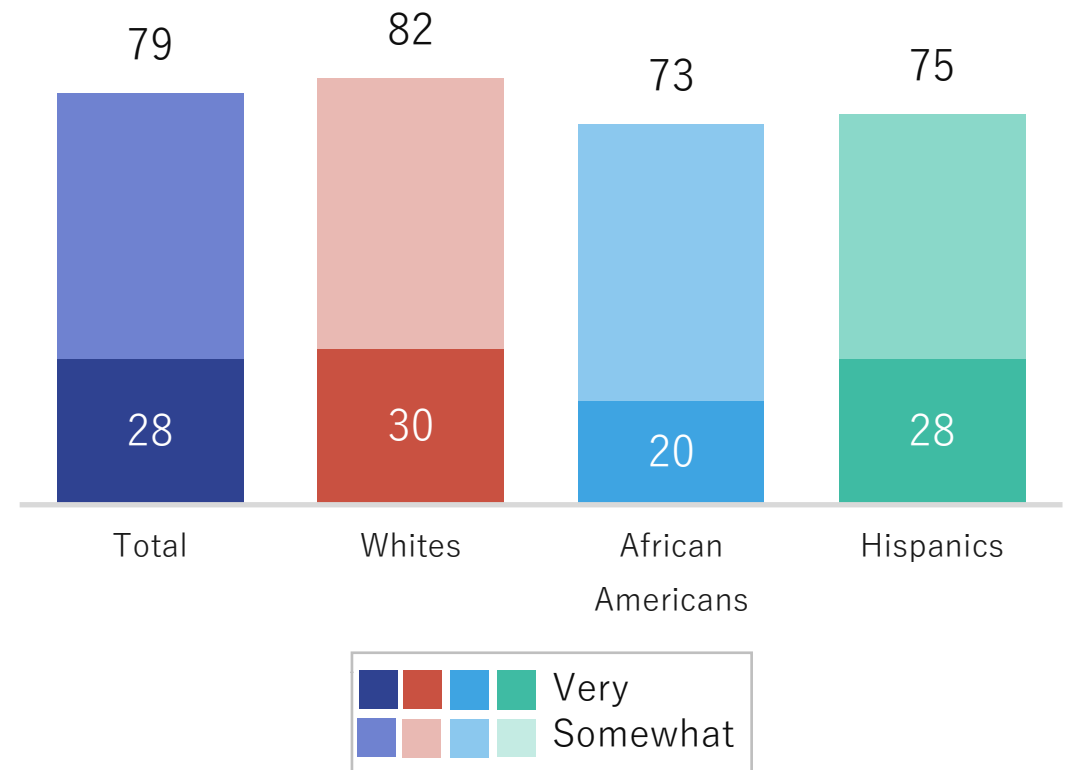


Most understand the factors that impact their credit scores

Understanding of factors that impact credit score



View credit scores as being fair

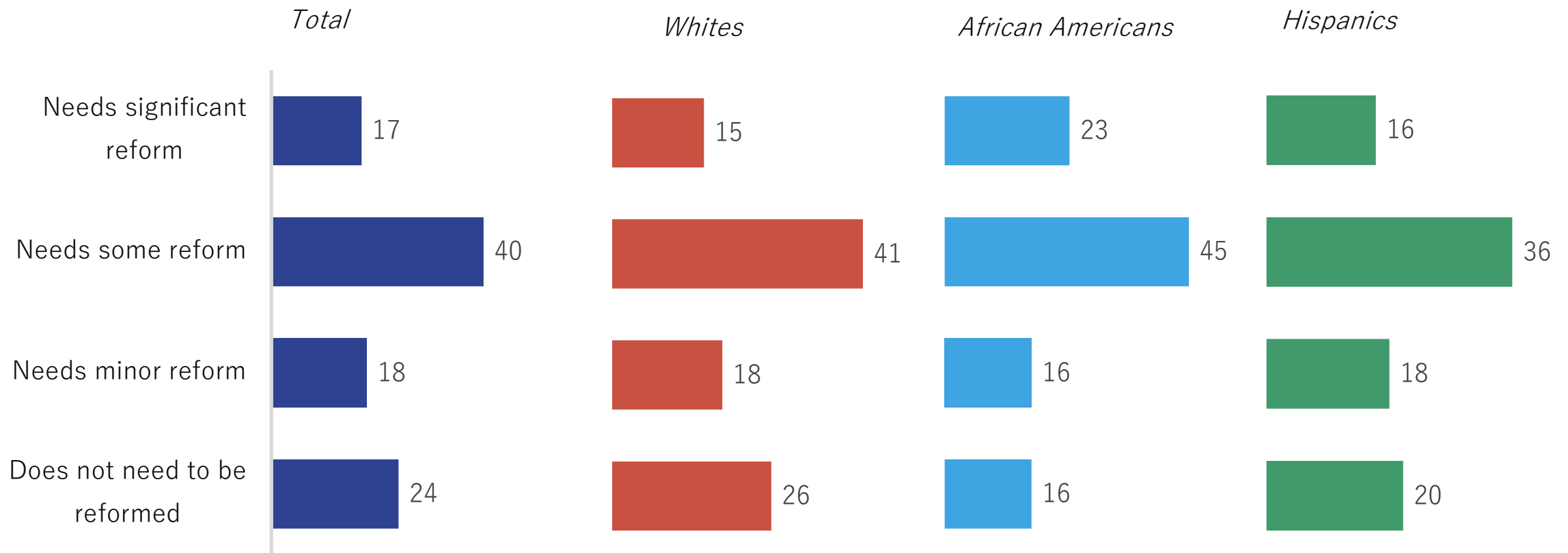


(left side) Q. Do you understand the factors that impact your credit score?

(right side) Q. Generally speaking, do you think credit scores are a fair or unfair assessment of a person's ability to pay their credit cards and loans, like mortgages?

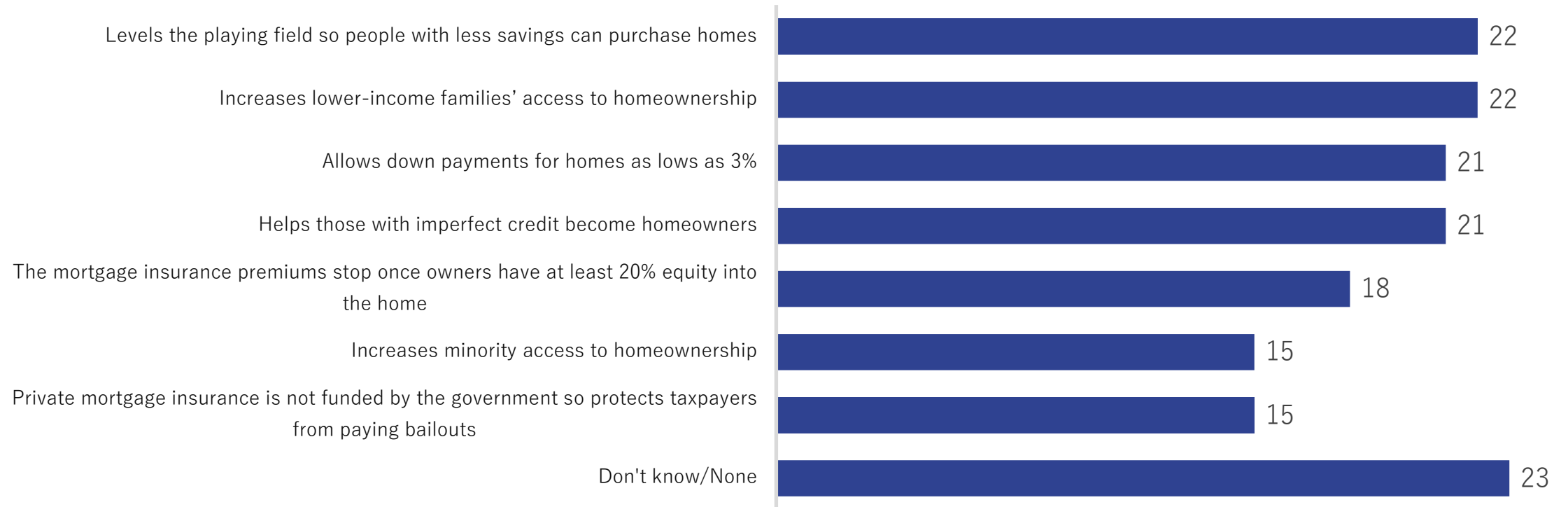
Still a majority think credit scores need at least some reform

Just because it's fair and accurate, doesn't mean it should be determining their access to cheap loans;
Fewer than 1 in 4 say it does not need to be reformed at all



Mortgage insurance viewed as helping to expand homeownership

Best reasons for mortgage insurance

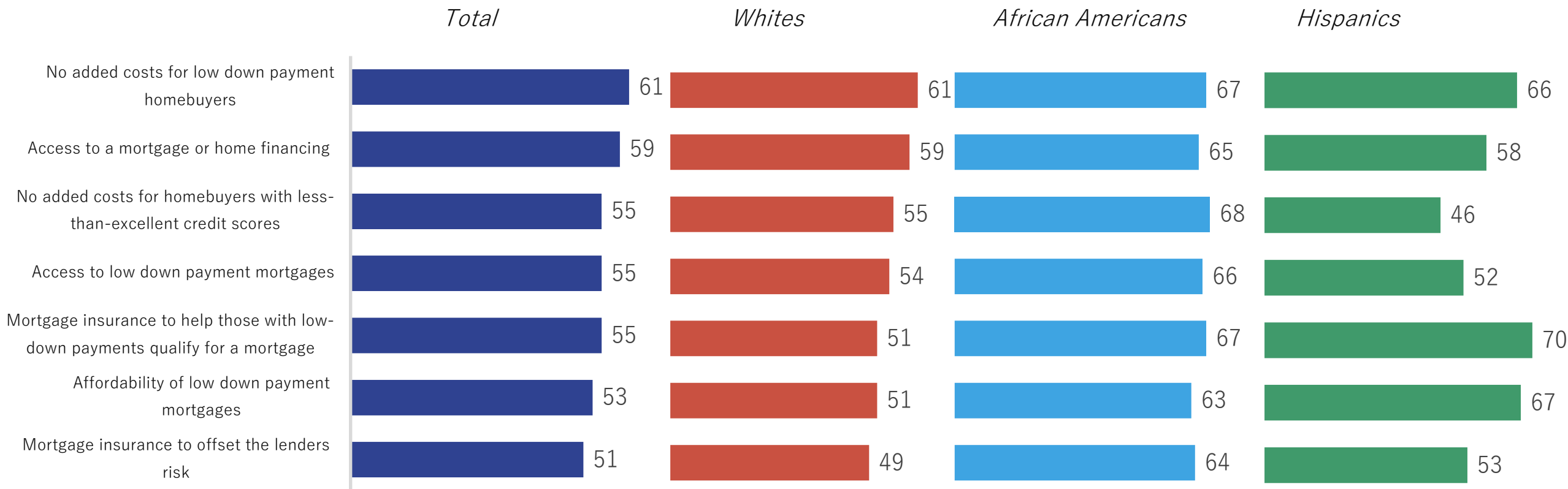




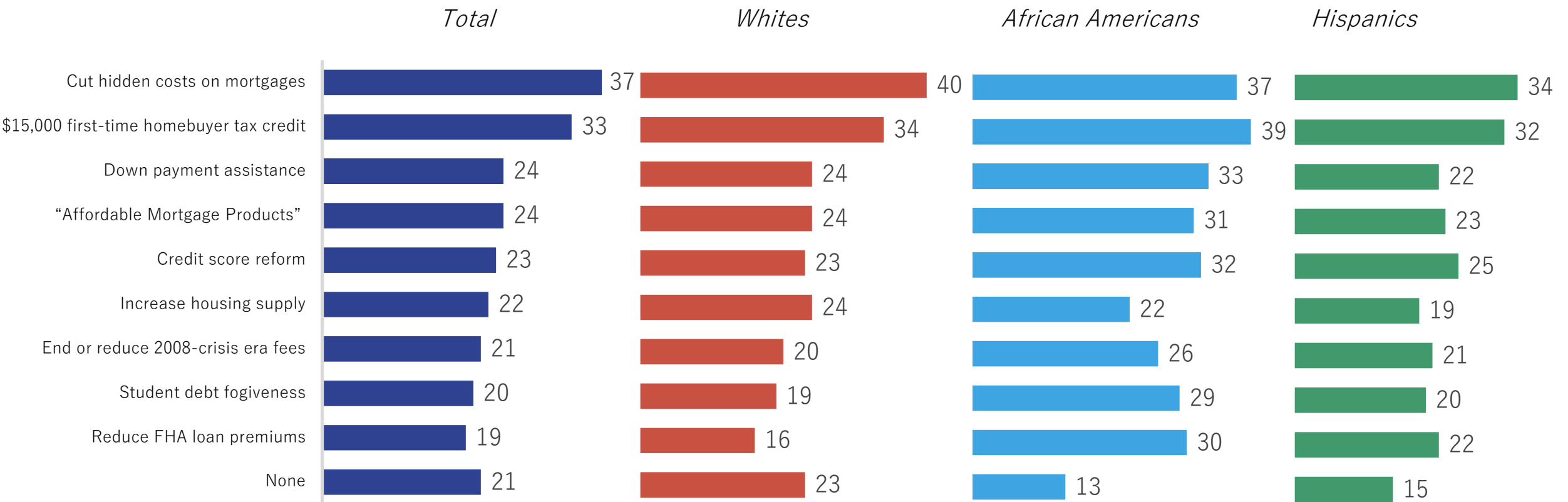
Improvements to System that People Would Like to See

Reducing costs, increasing access most important for homeownership

No added costs for low down payment homebuyers, increasing access to mortgages viewed as most helpful in bridging homeownership gap.

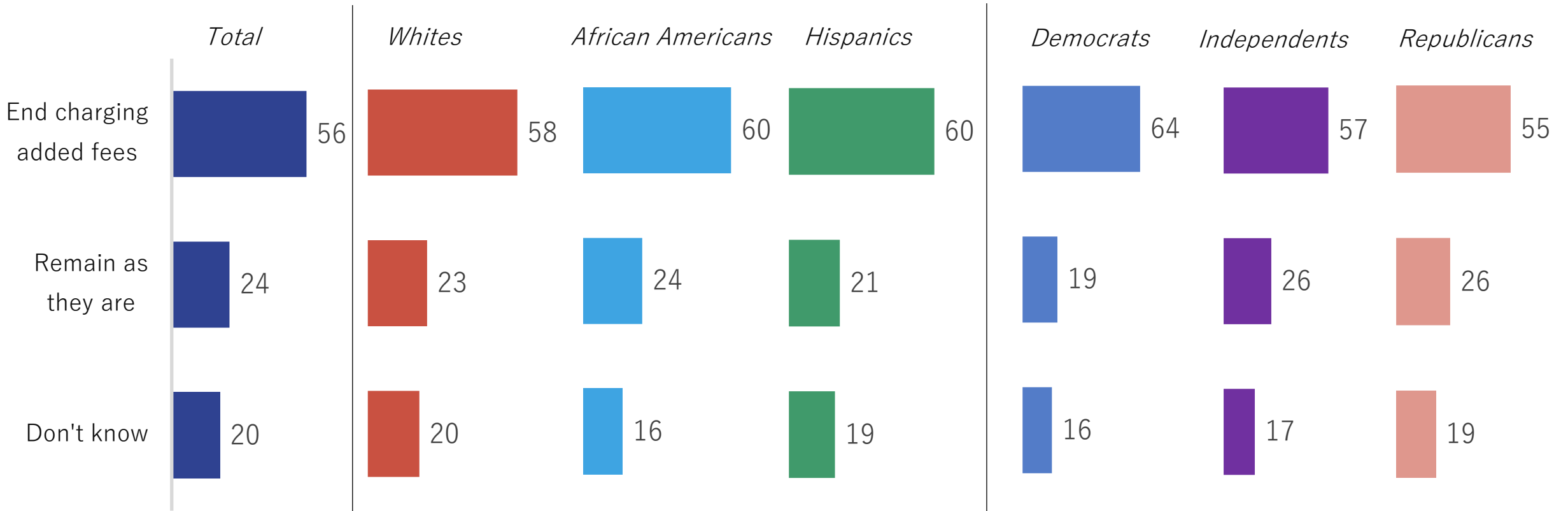


Many improvements are supported by Americans



Q. Which of the following homebuying reforms do you support?

Majorities approve ending charges for added LLPA fees



Q. In 2008 after the housing bubble popped, the government added new fees for borrowers based on the size of their down payment and credit score. Meanwhile, the housing economy has fully recovered and there are no longer systemic risks from housing. And, in the conventional market any risk present based on these factors is already protected by private mortgage insurance that the homeowner pays for. Do you think it's time for the government to end double charging for these added fees, called Loan Level Price Adjustments, or should they remain as they are?

If you have any questions,
contact media@usmi.org.
