

Housing Insecurity in the Time of COVID-19

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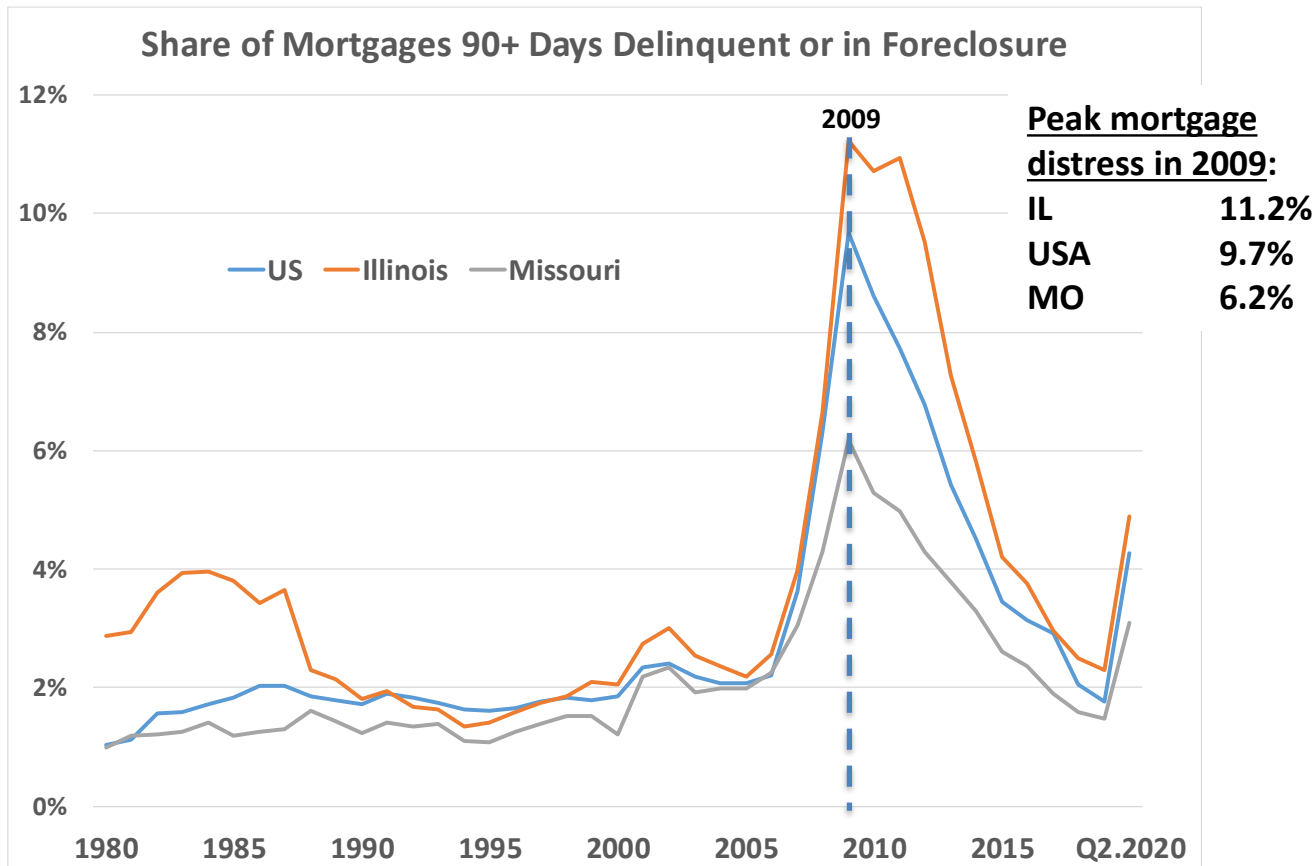
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Overview

- Housing distress during the Great Recession:
Is that what we should expect again?
 - Mortgage distress
 - Homeownership rates
 - Families doubling up in response to evictions and foreclosures
- Latest evidence on housing insecurity

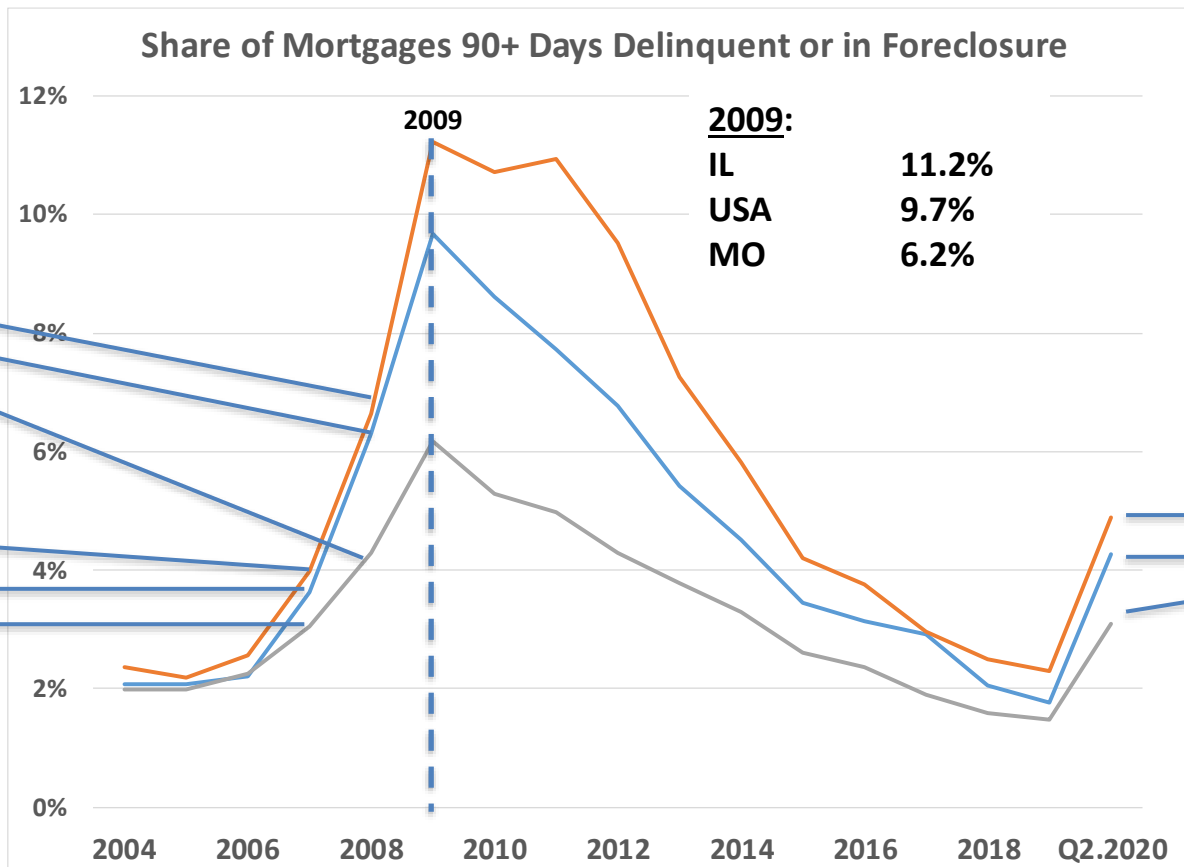
MORTGAGE DISTRESS

In 2009, 10% of U.S. Mortgages in Serious Distress



Source: Mortgage Bankers Association

So Far, This Shock Looks Like 2007-08



2008:
IL 6.6%
USA 6.3%
MO 4.3%

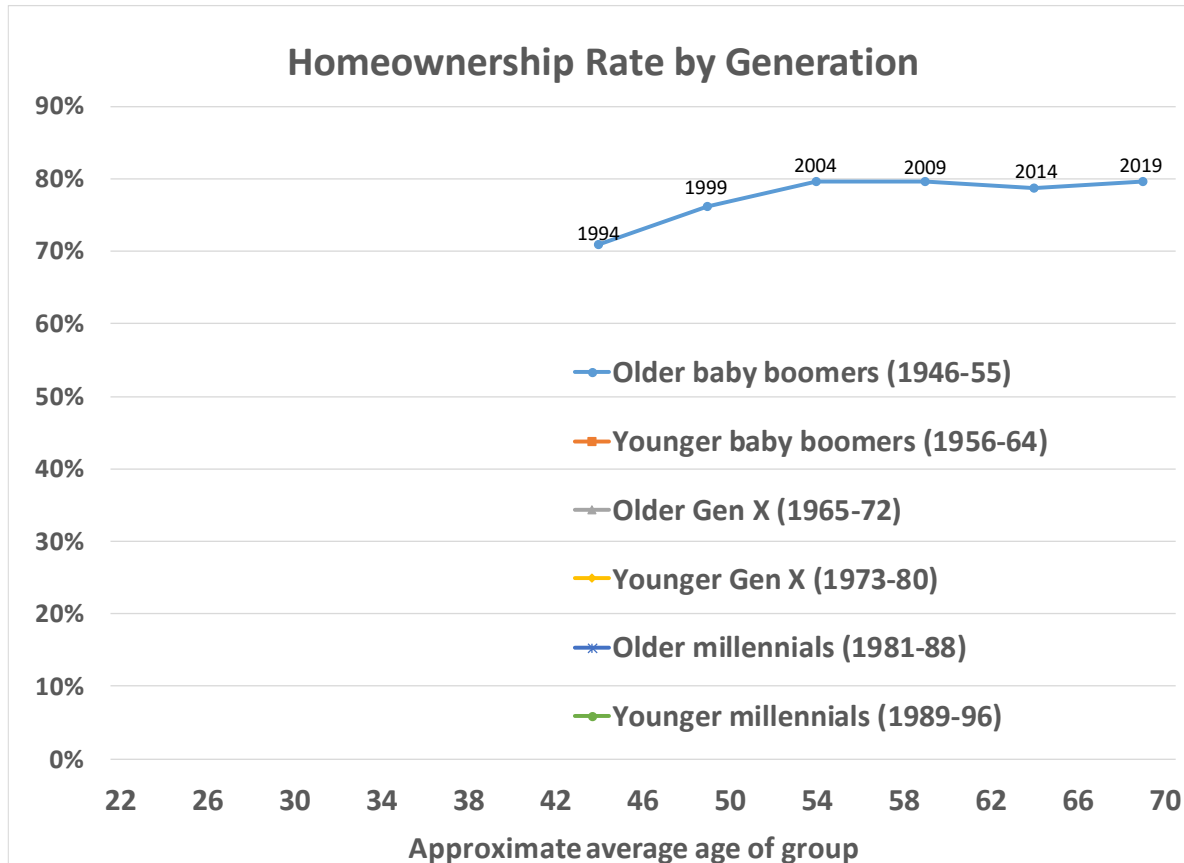
2007:
IL 4.0%
USA 3.6%
MO 3.0%

Q2.2020:
IL 4.9%
USA 4.3%
MO 3.1%

Source: Mortgage Bankers Association

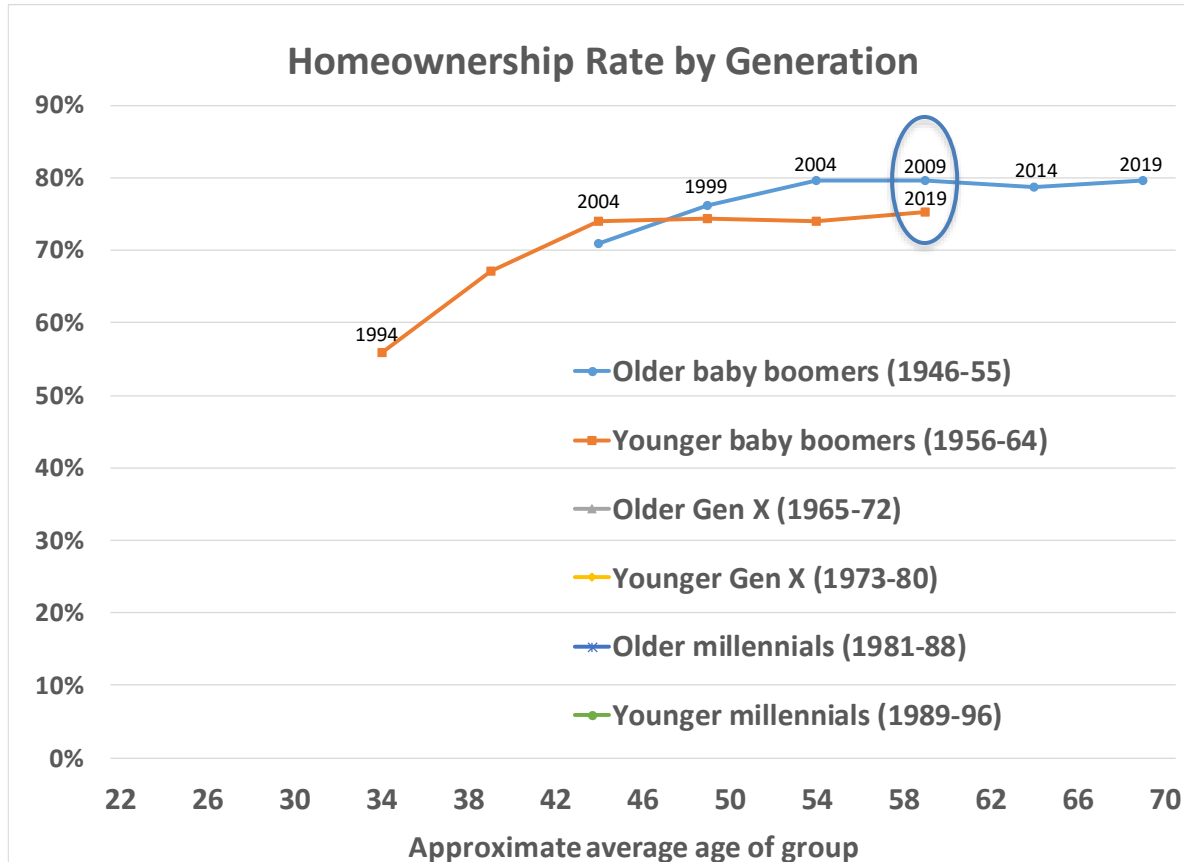
HOMEOWNERSHIP RATES

Older Boomers Set the Standard



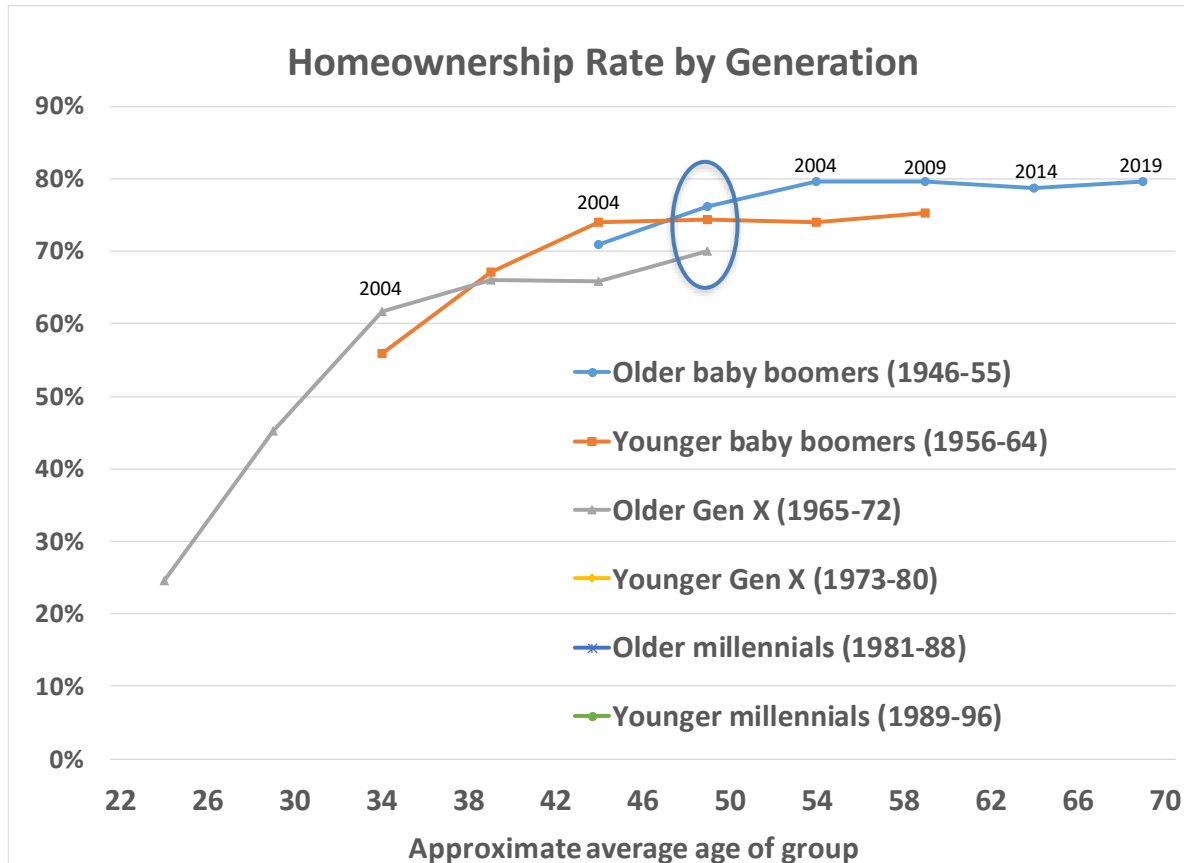
Source: Census Bureau
and our calculations

Younger Boomers Still 5 Pct. Pts. Below “Normal”



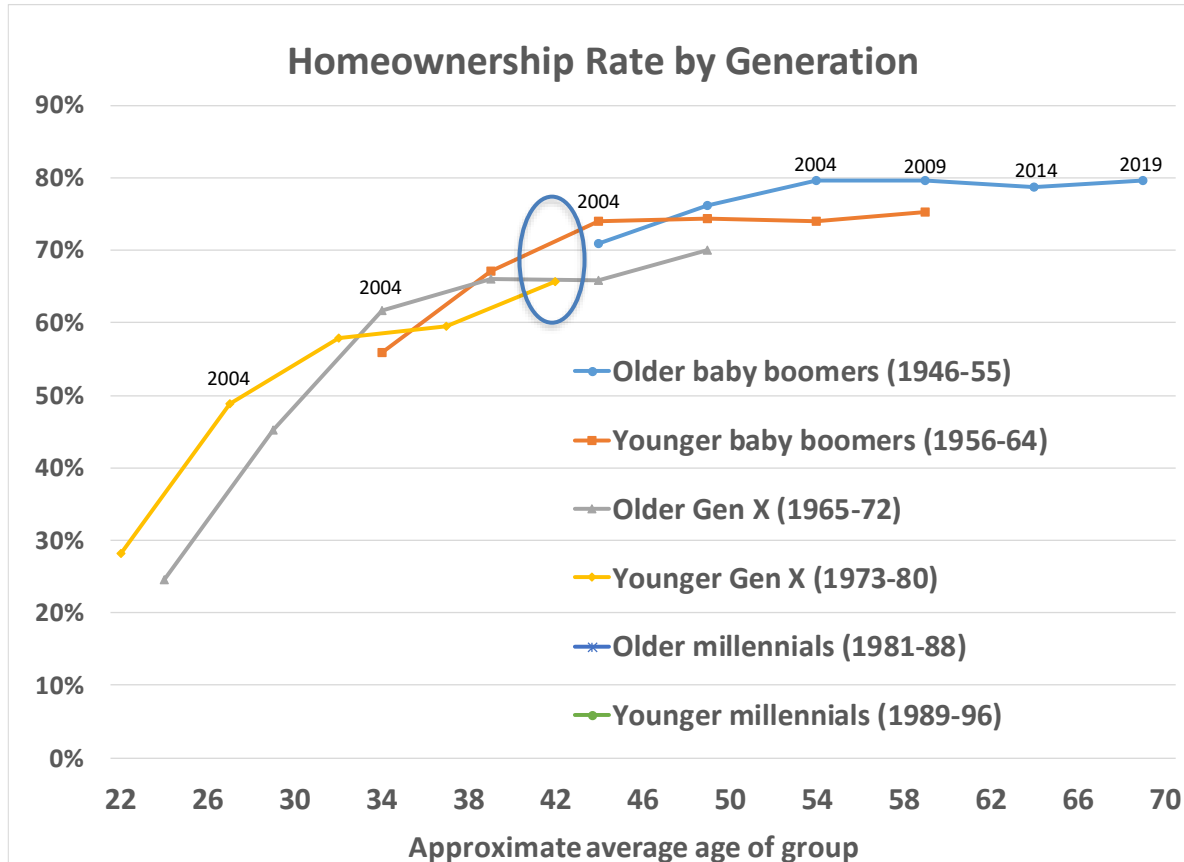
Source: Census Bureau
and our calculations

Older Gen Xers ~6 Pct. Pts. Below “Normal”



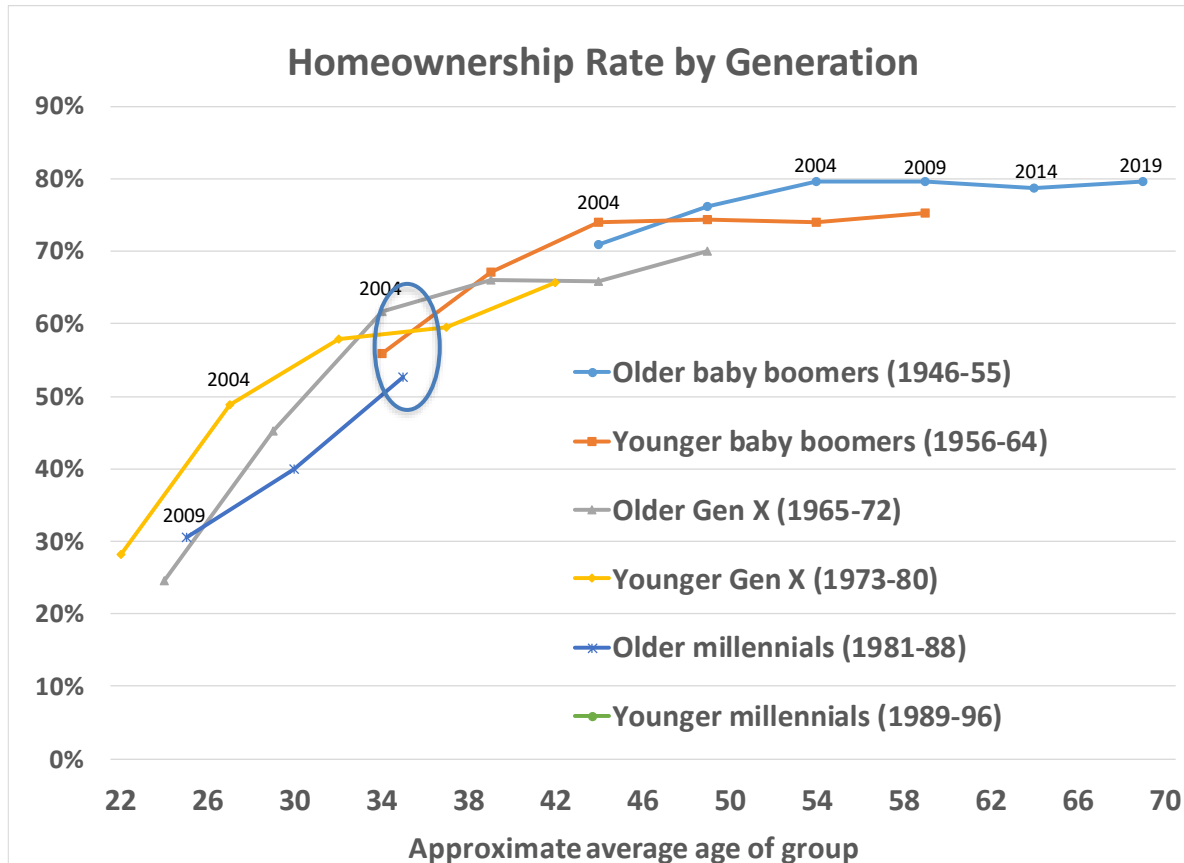
Source: Census Bureau
and our calculations

Younger Gen Xers: ~5-6 Pct. Pts. Below “Normal”



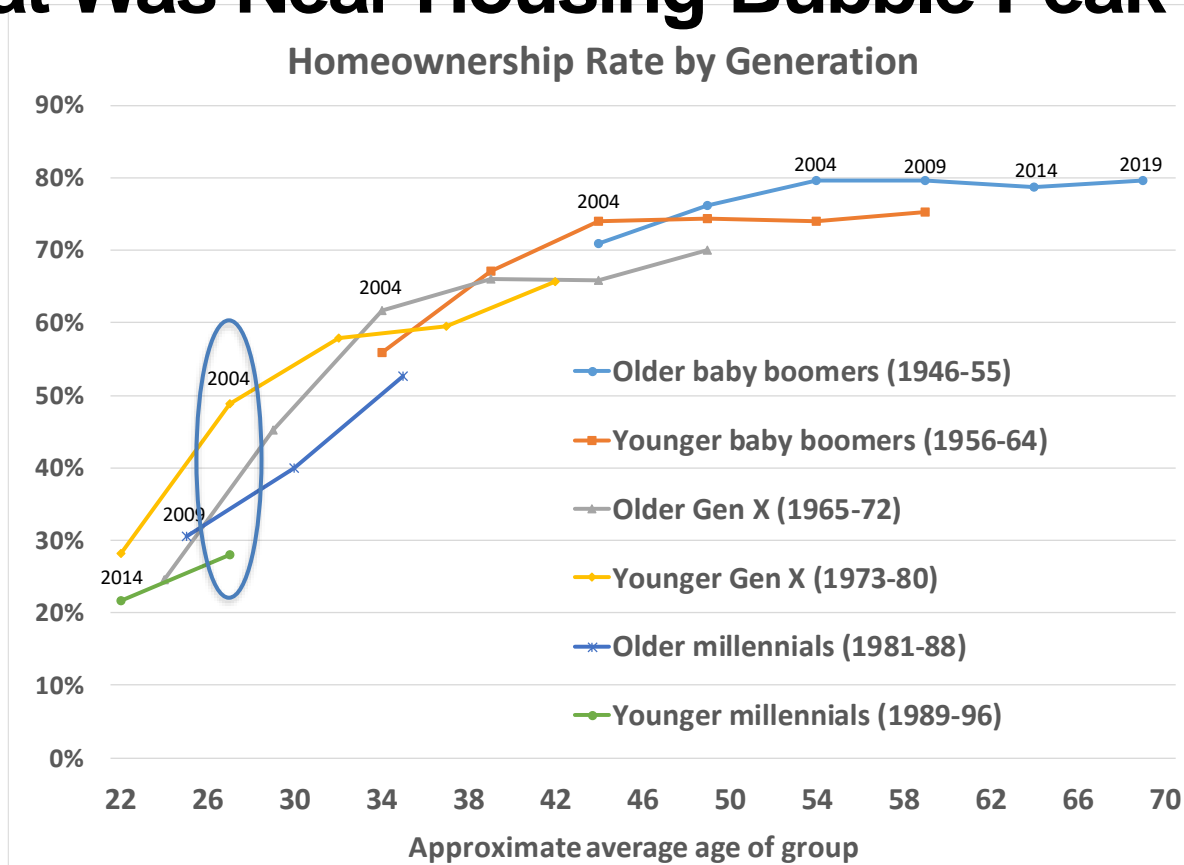
Source: Census Bureau
and our calculations

Older Millennials ~10 Pct. Pts. Below “Normal”



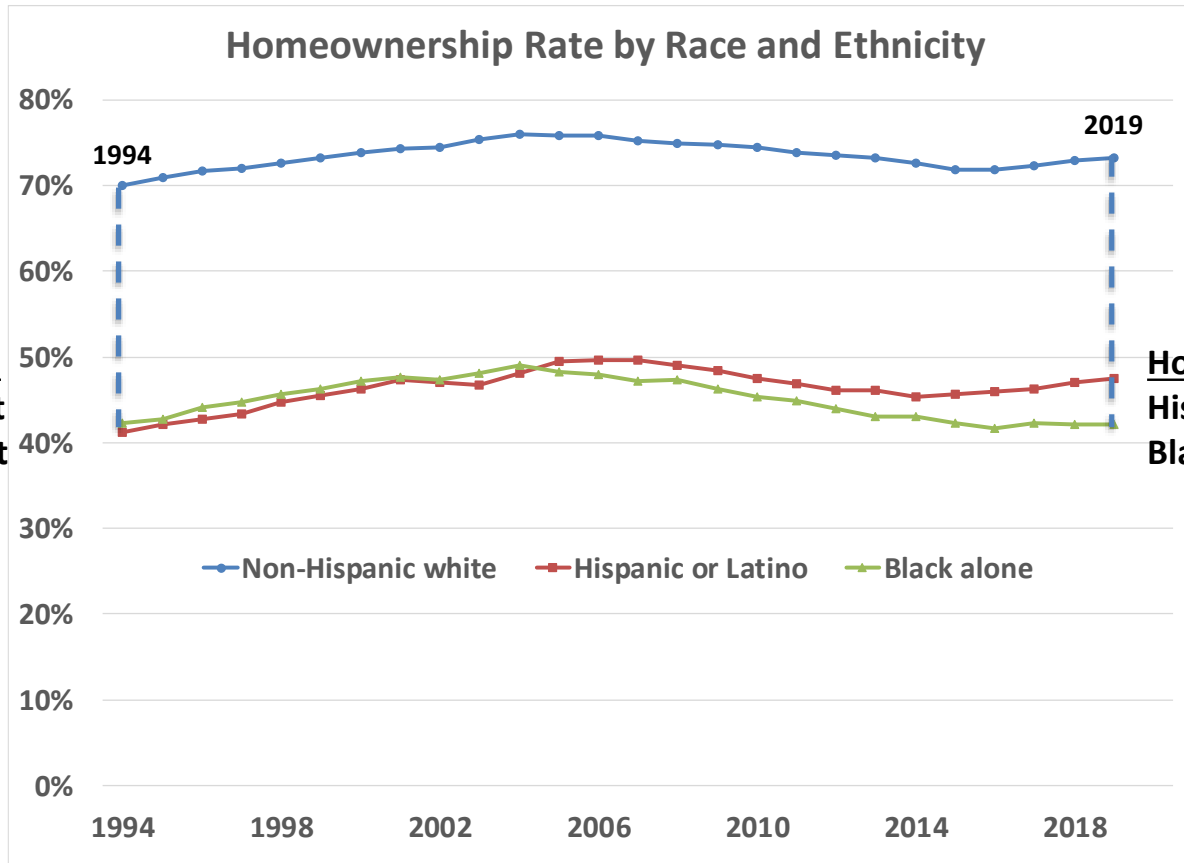
Source: Census Bureau and our calculations

Younger Millennials 21% Below Younger Gen Xers — But That Was Near Housing-Bubble Peak



Source: Census Bureau and our calculations

Homeownership Gaps Changed Little in 25 Years

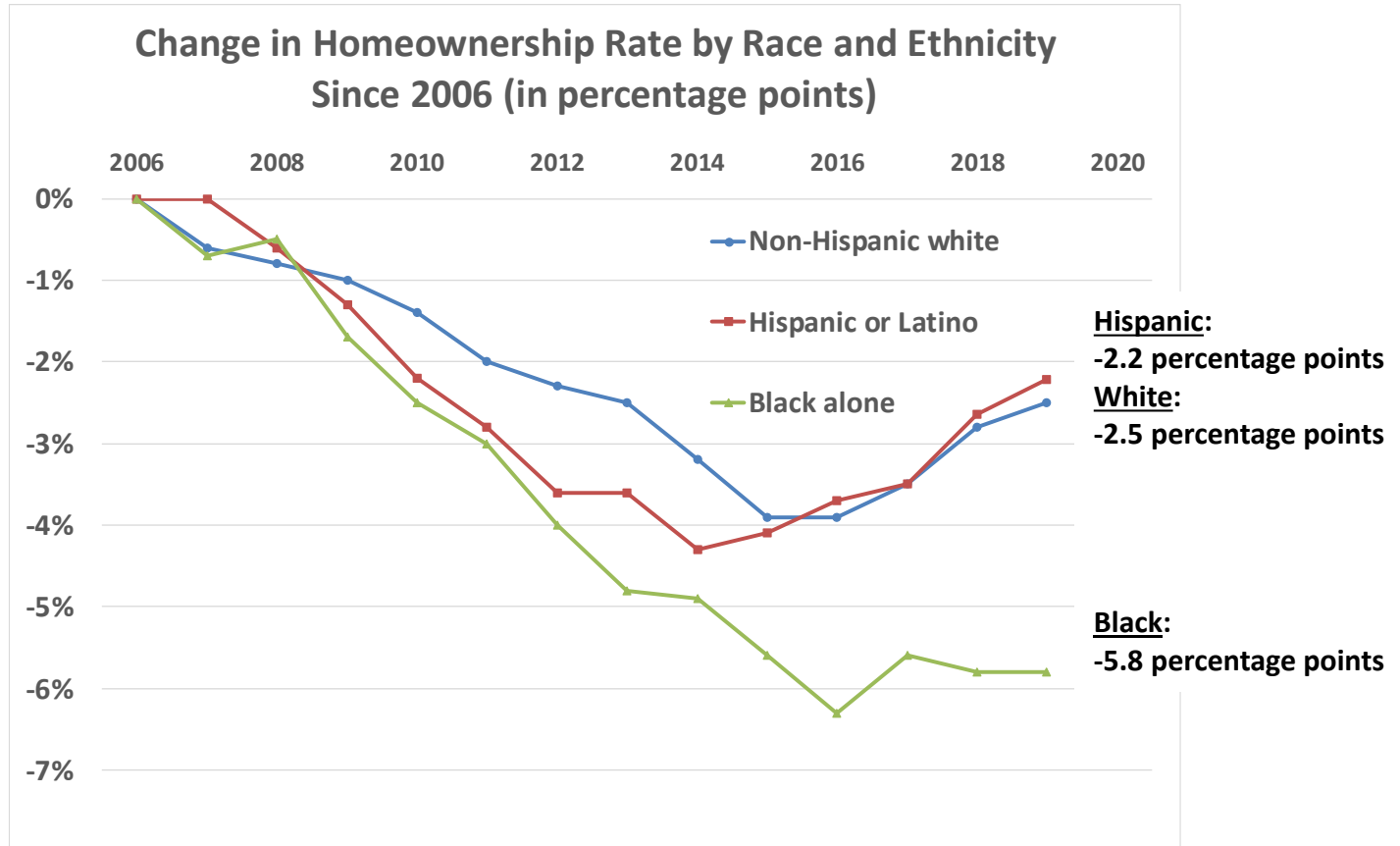


Homeownership gaps:
 Hispanic-white -29ppt
 Black-white -28ppt

Homeownership gaps:
 Hispanic-white -26ppt
 Black-white -31ppt

Source: Census Bureau
 and our calculations

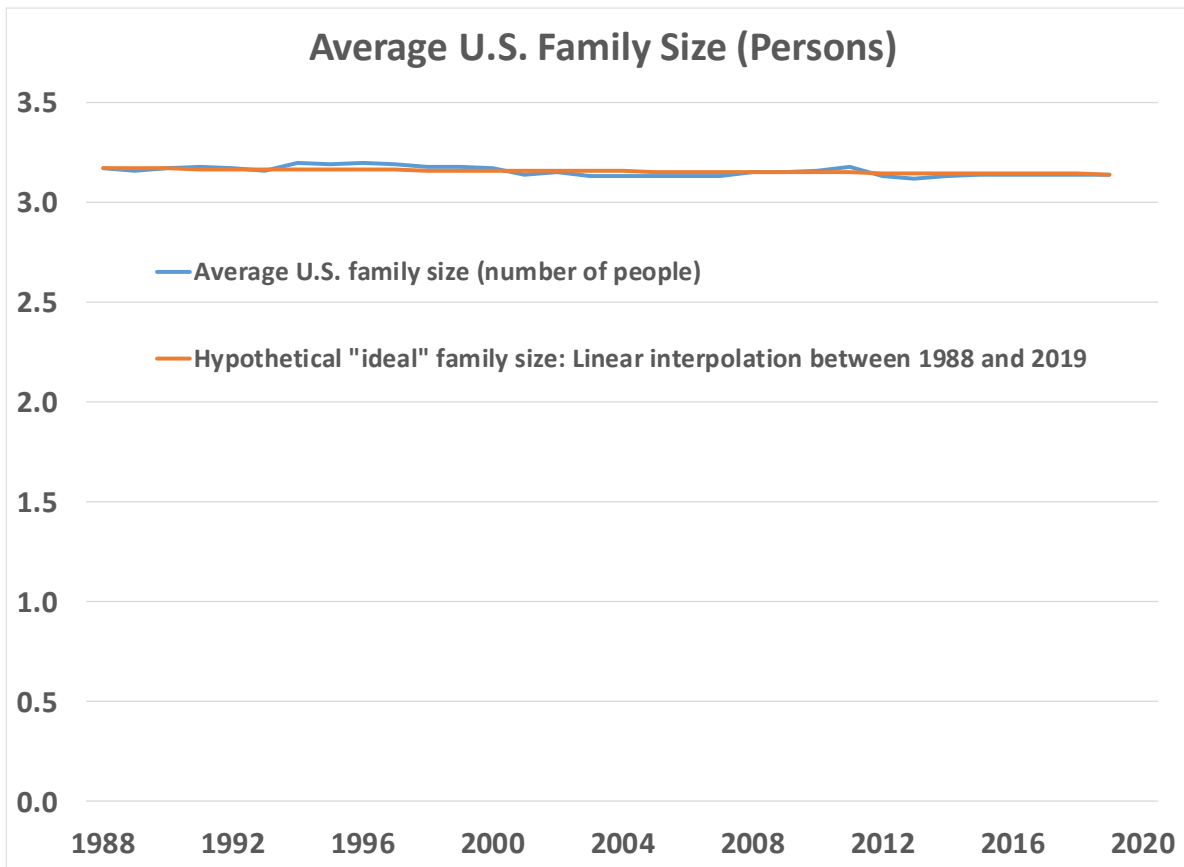
Bursting Bubble Hit Black Homeownership Rate Hardest



Source: Census Bureau
and our calculations

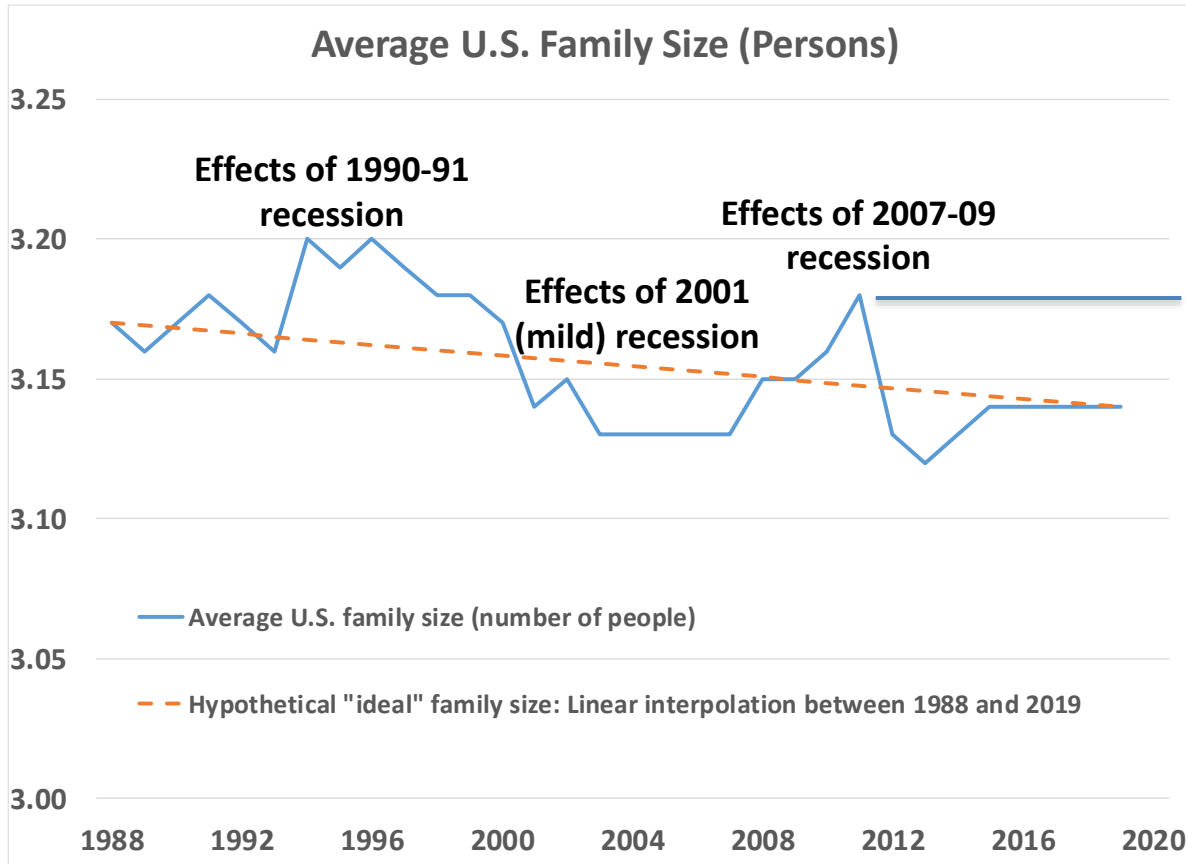
FAMILIES DOUBLING UP

Where Do People Who Lose Housing Go?



Source: Census Bureau
and our calculations

Family Size Increases After Recessions



Represents 9-10 million people "doubling up" compared with baseline; the number is even larger when compared to 2005 housing peak.

Source: Census Bureau and our calculations

Will Housing Distress Be As Severe This Time as During the Great Recession?

- The economic shock is at least as bad.
 - We don't have a bursting housing bubble, but the pandemic is global and much more regressive (hurts lower incomes more) than the housing collapse.
- The financial system probably won't implode this time.
- Monetary and fiscal policy responses have been more timely and vigorous, but public health policies have fallen short.
- Bottom line: Housing insecurity could be similar in magnitude to the Great Recession.

HOUSEHOLD PULSE SURVEY

Executive Summary: Current Situation

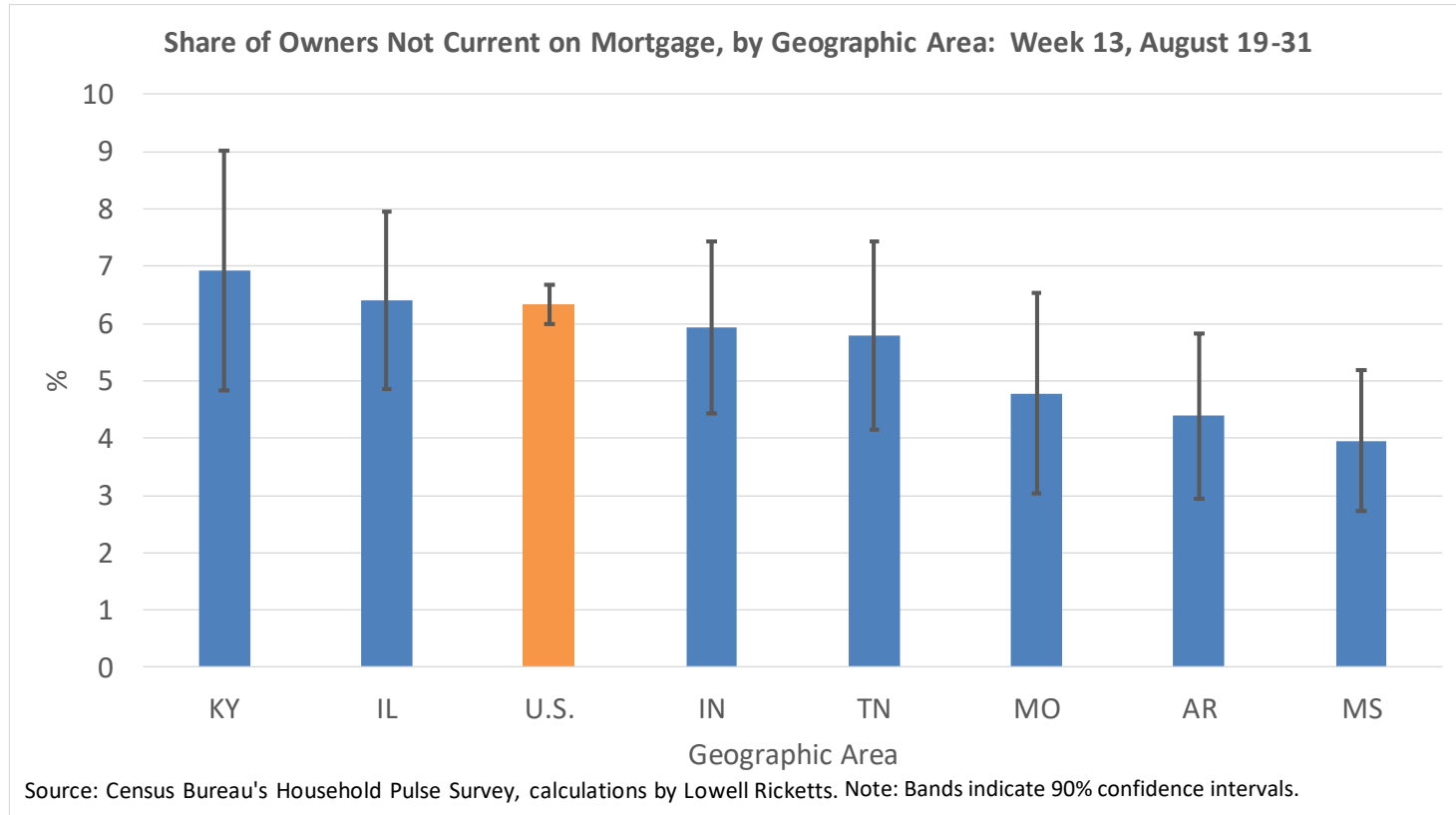
- Black, Hispanic, and Asian households; those lacking a bachelor's degree; and Gen Z, millennials and Gen X have higher housing distress than their peer groups.
- Housing distress is higher among renters than owners.
- Gen X is experiencing more distress than we would expect along several dimensions; income loss likely plays a role.
- Gen X was hit hard by the Great Recession; how much of current instability has links to the past?

Data on Housing Distress

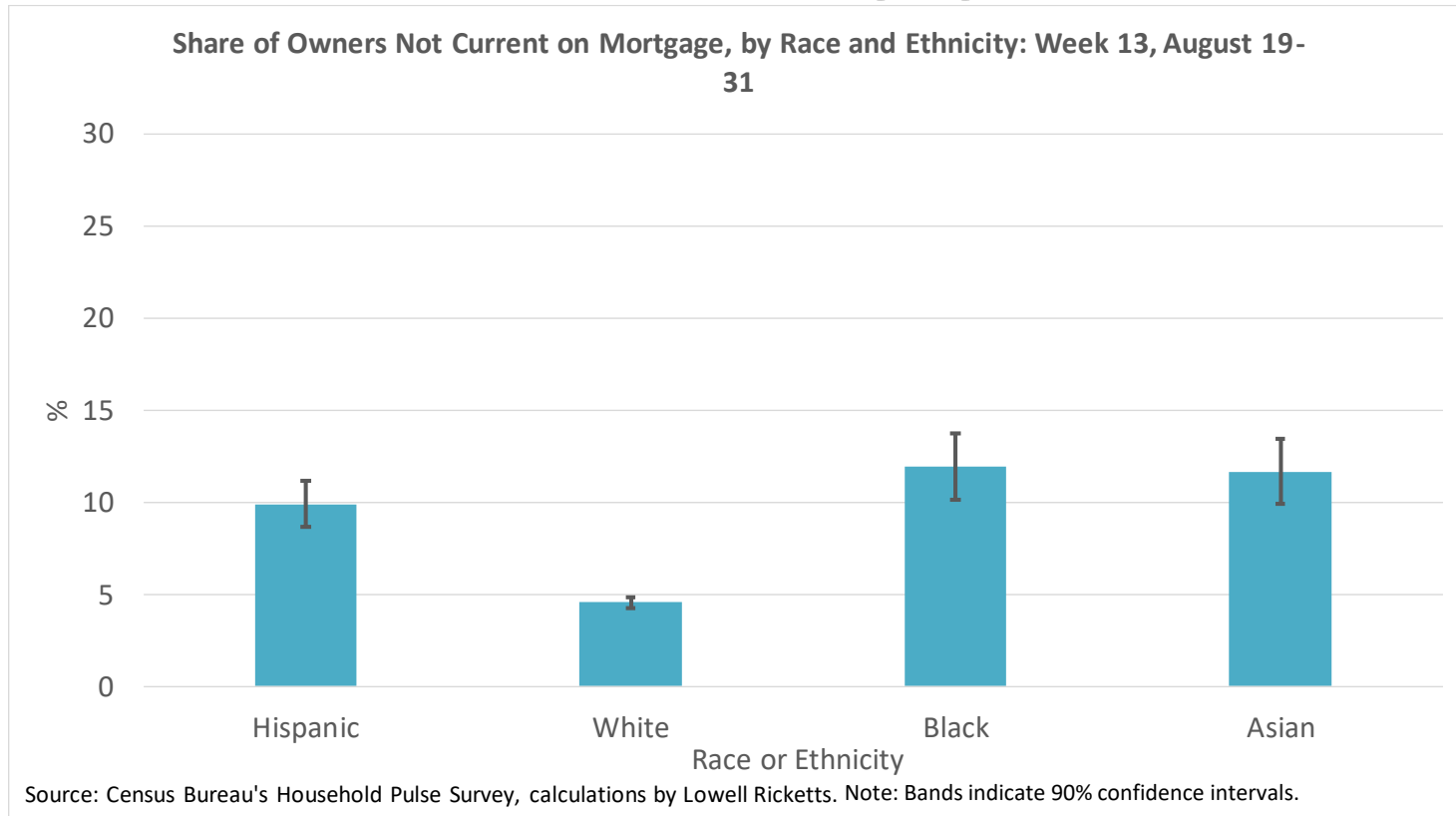
- Second Phase of Census Bureau’s [Household Pulse Survey](#): runs every 2 weeks, most recent was Aug. 19-31.
- “Is this household **currently** caught up on [rent/mortgage] payments?”
- “How confident are you that your household will be able to pay your **next rent or mortgage payment** on time?”
- “How likely is it that your household will have to leave this home or apartment within the **next two months** because of [eviction/foreclosure]?”

HOMEOWNERS

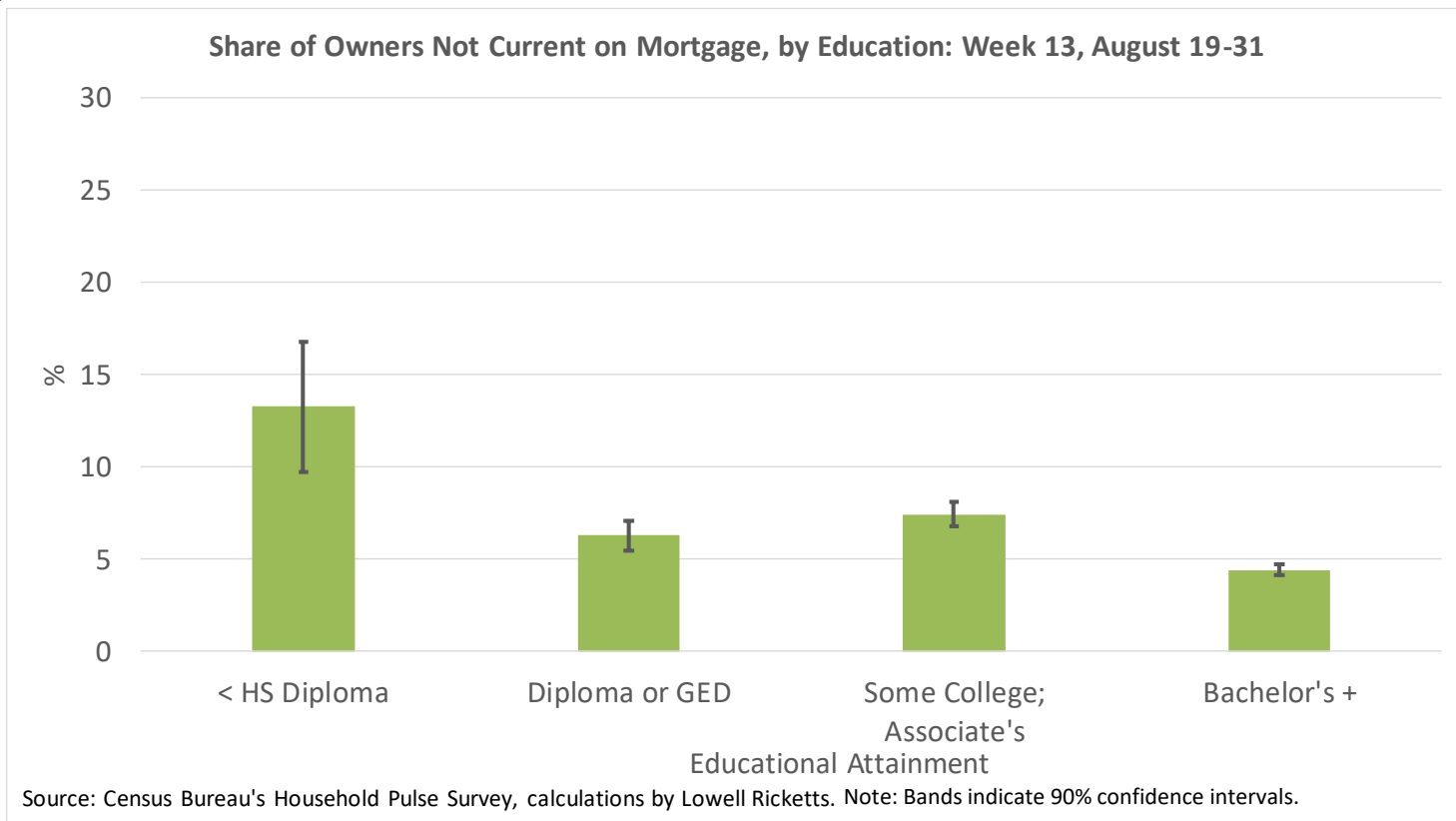
Similar Rates of Distress Across District States



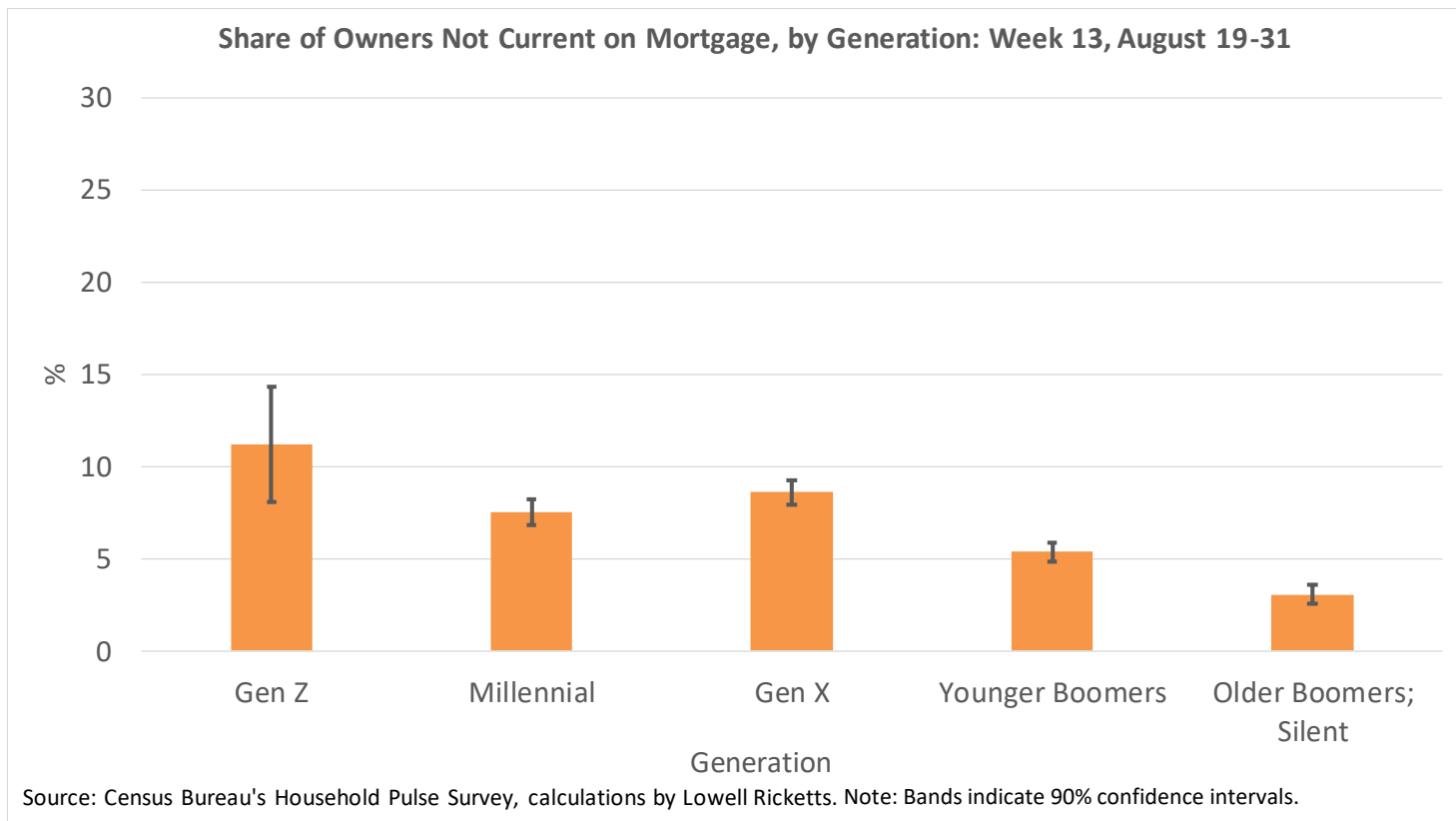
Around 10% of Black, Hispanic, and Asian Owners Are Behind On Mortgage



Those Lacking a Diploma Experiencing Sharply Higher Distress

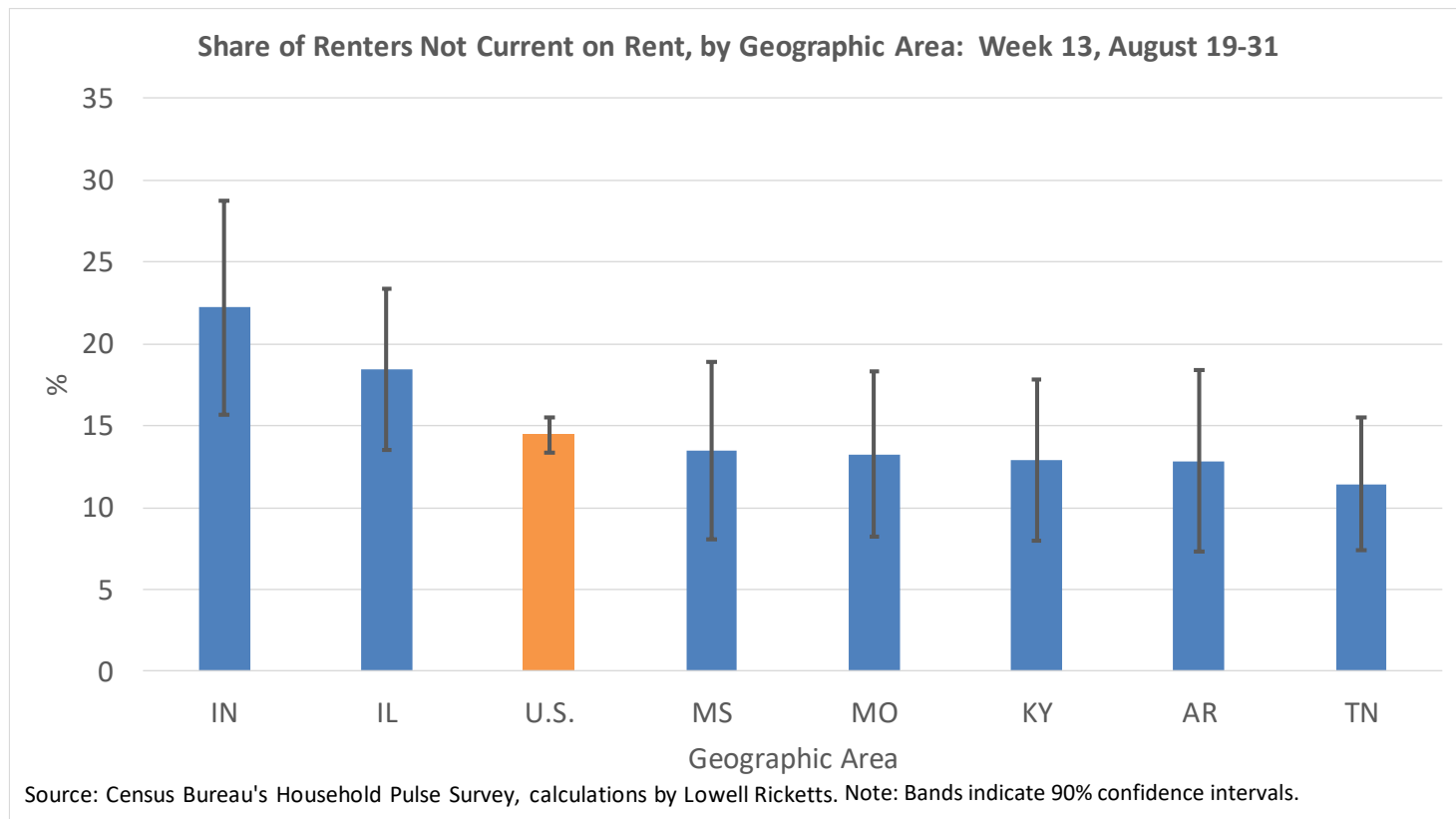


Youngest Generations and Gen X Facing More Distress

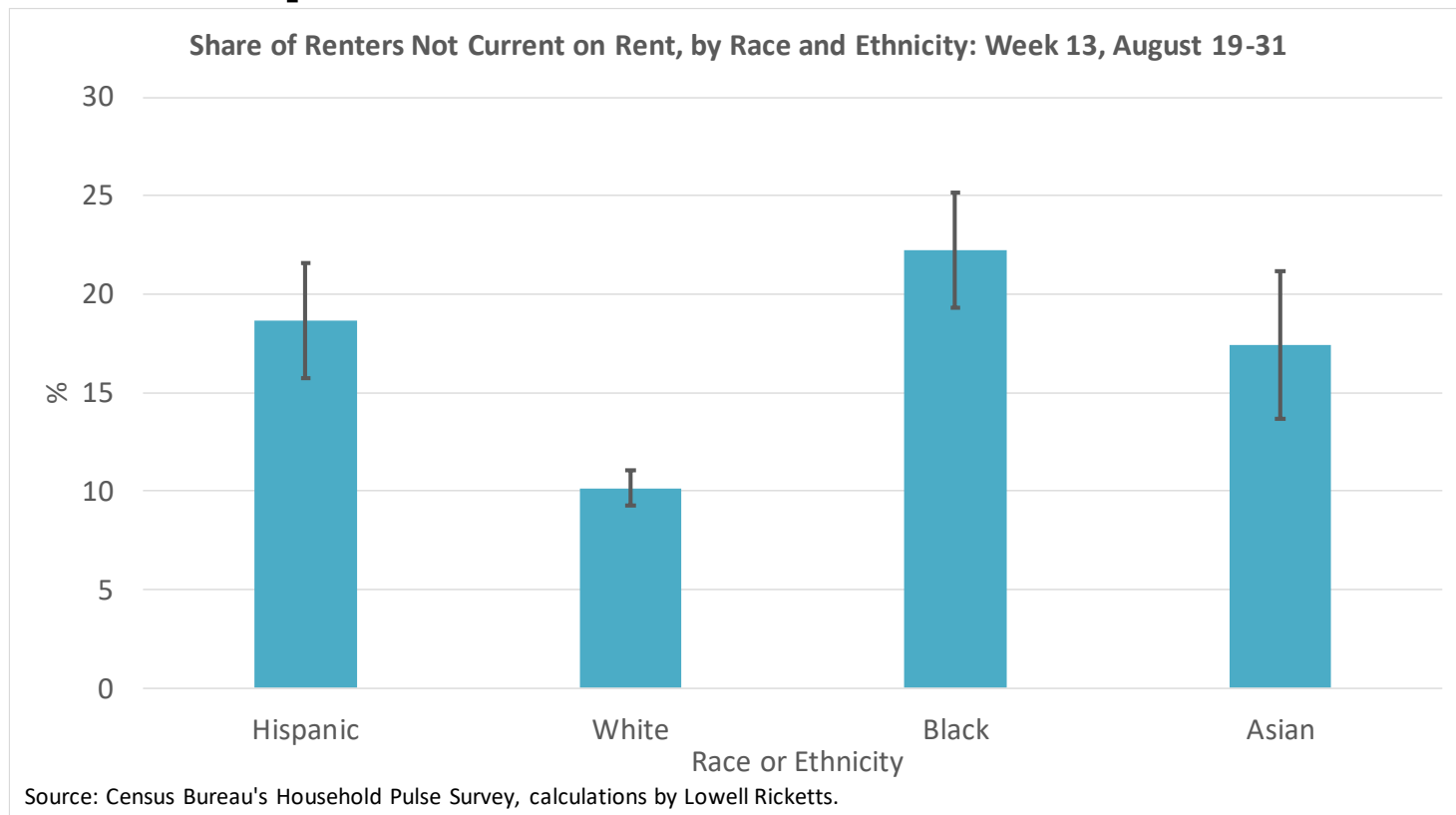


RENTERS

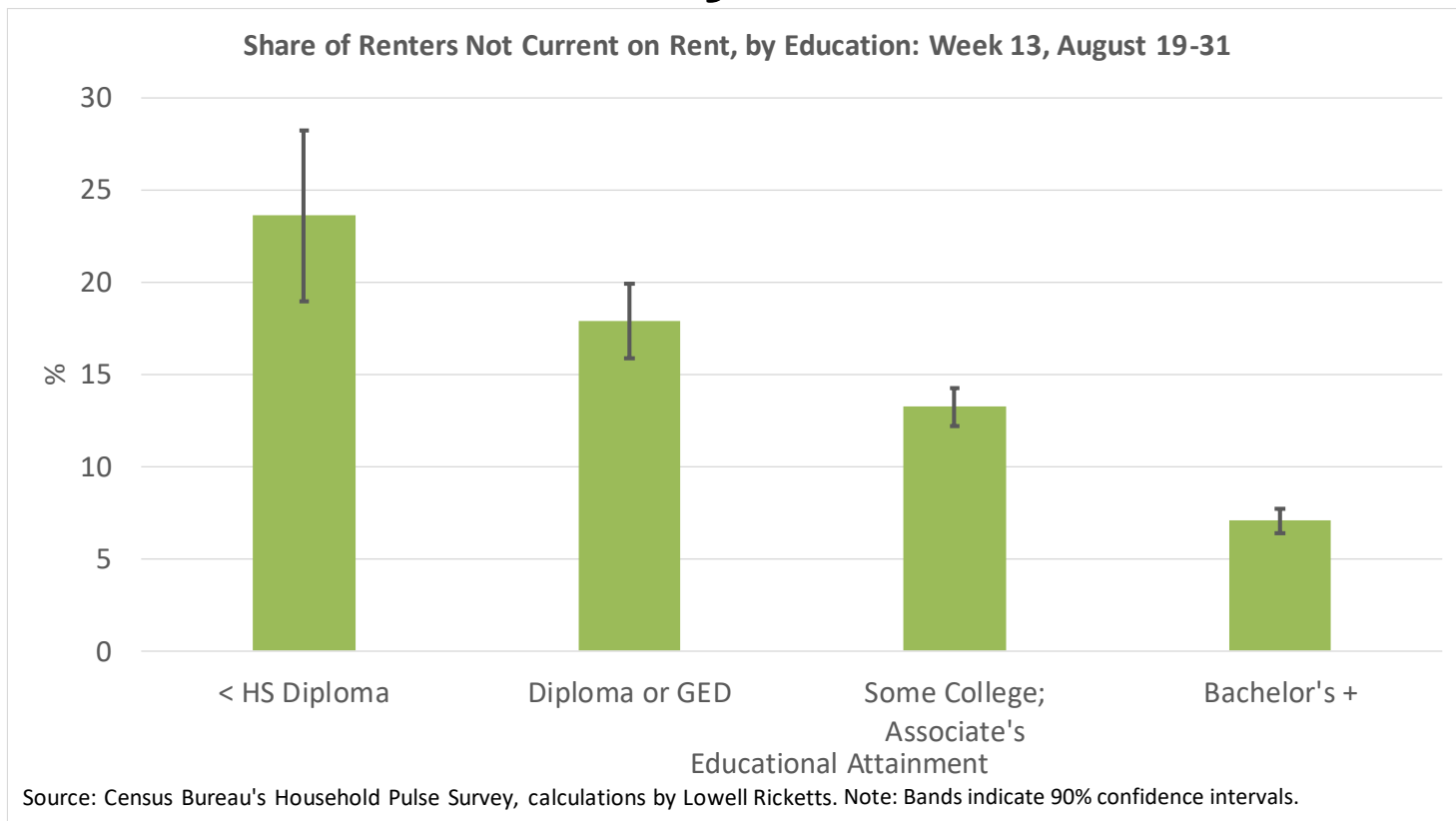
Higher Distress in Illinois, Indiana but Can't Say for Sure



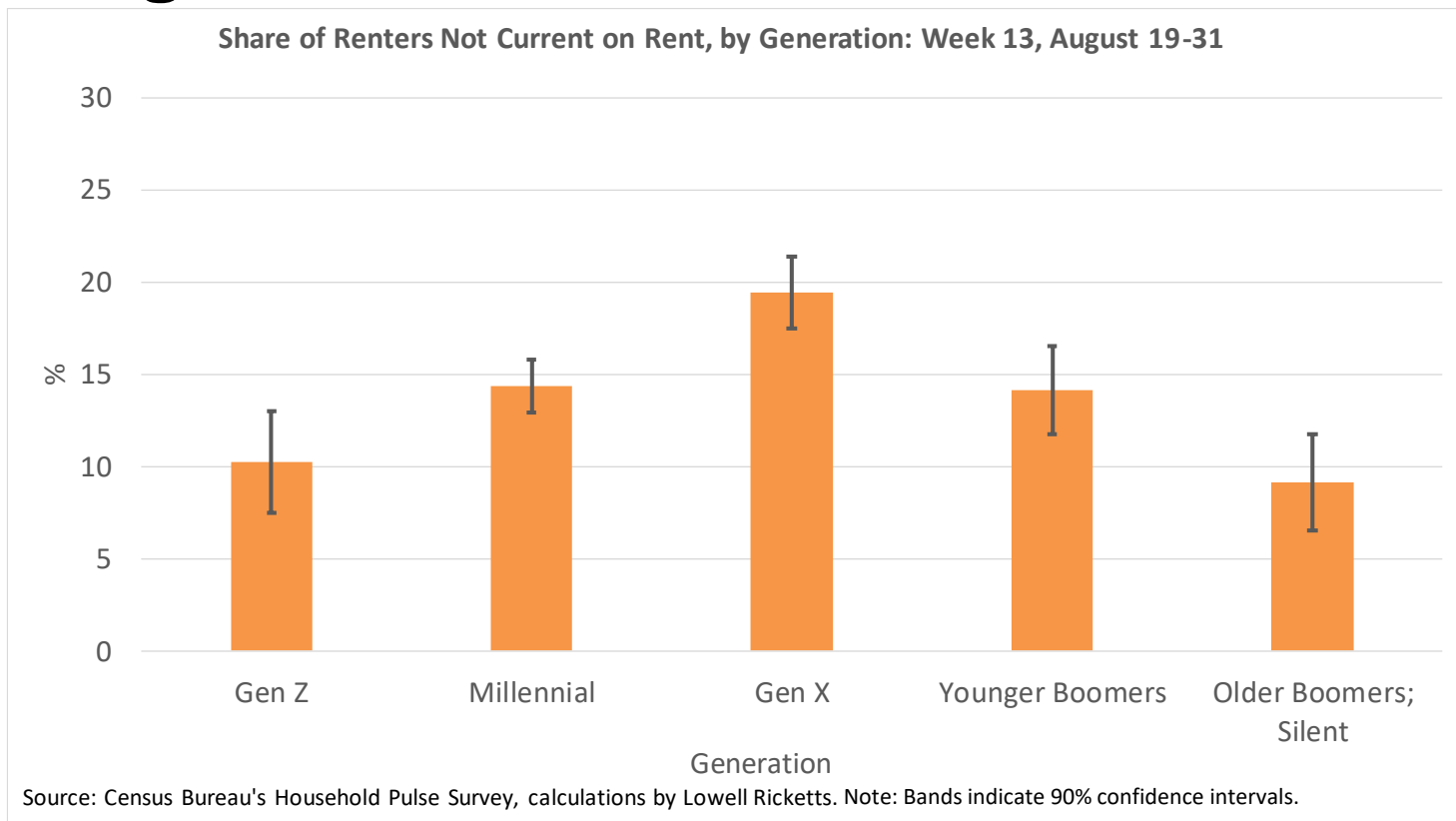
Roughly Double the Distress Among Renters; Similar Inequities



Among Renters, College Degree More Strongly Associated with Security

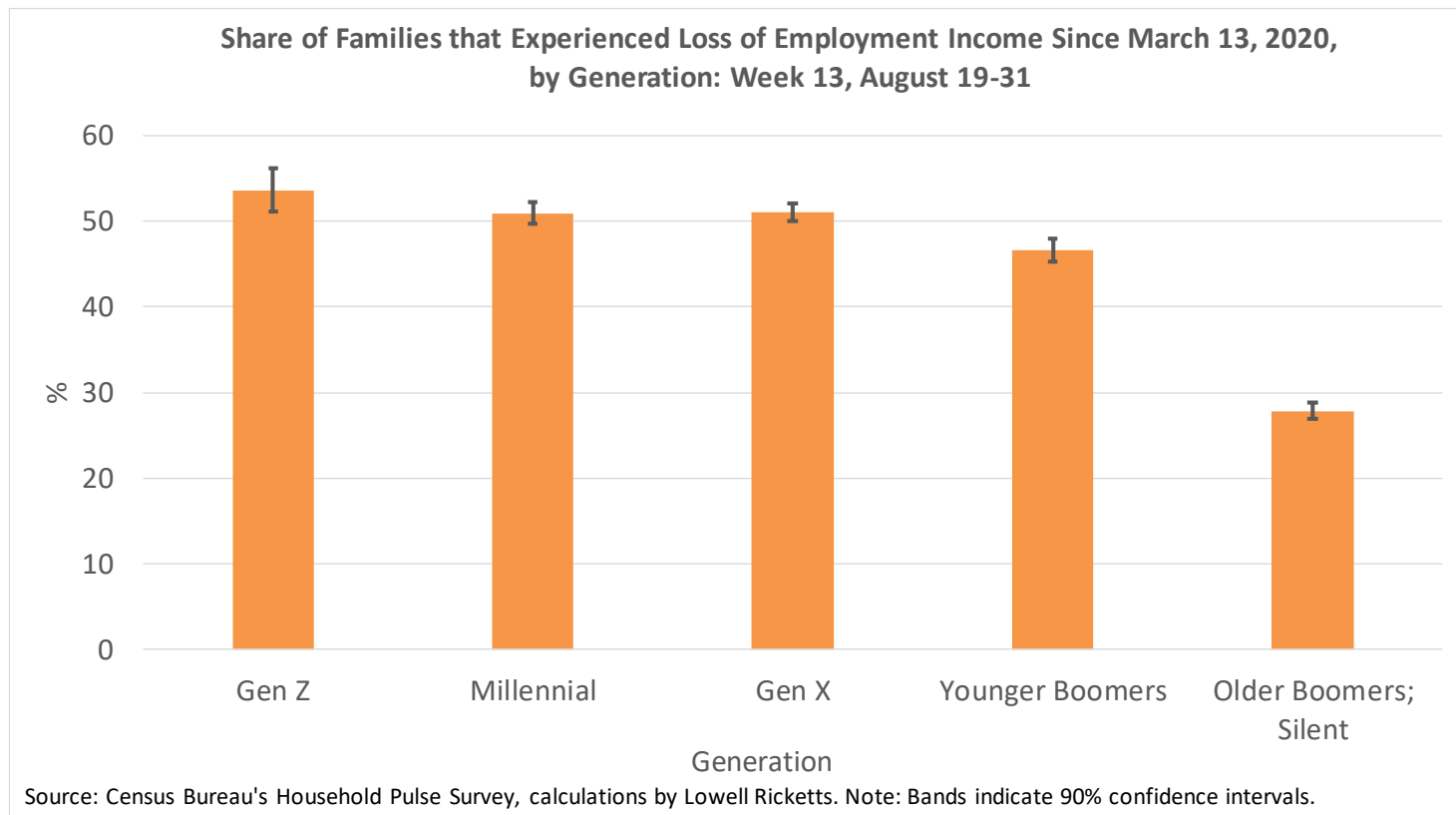


Gen X Renters Exhibit Highest Distress Despite Their Age

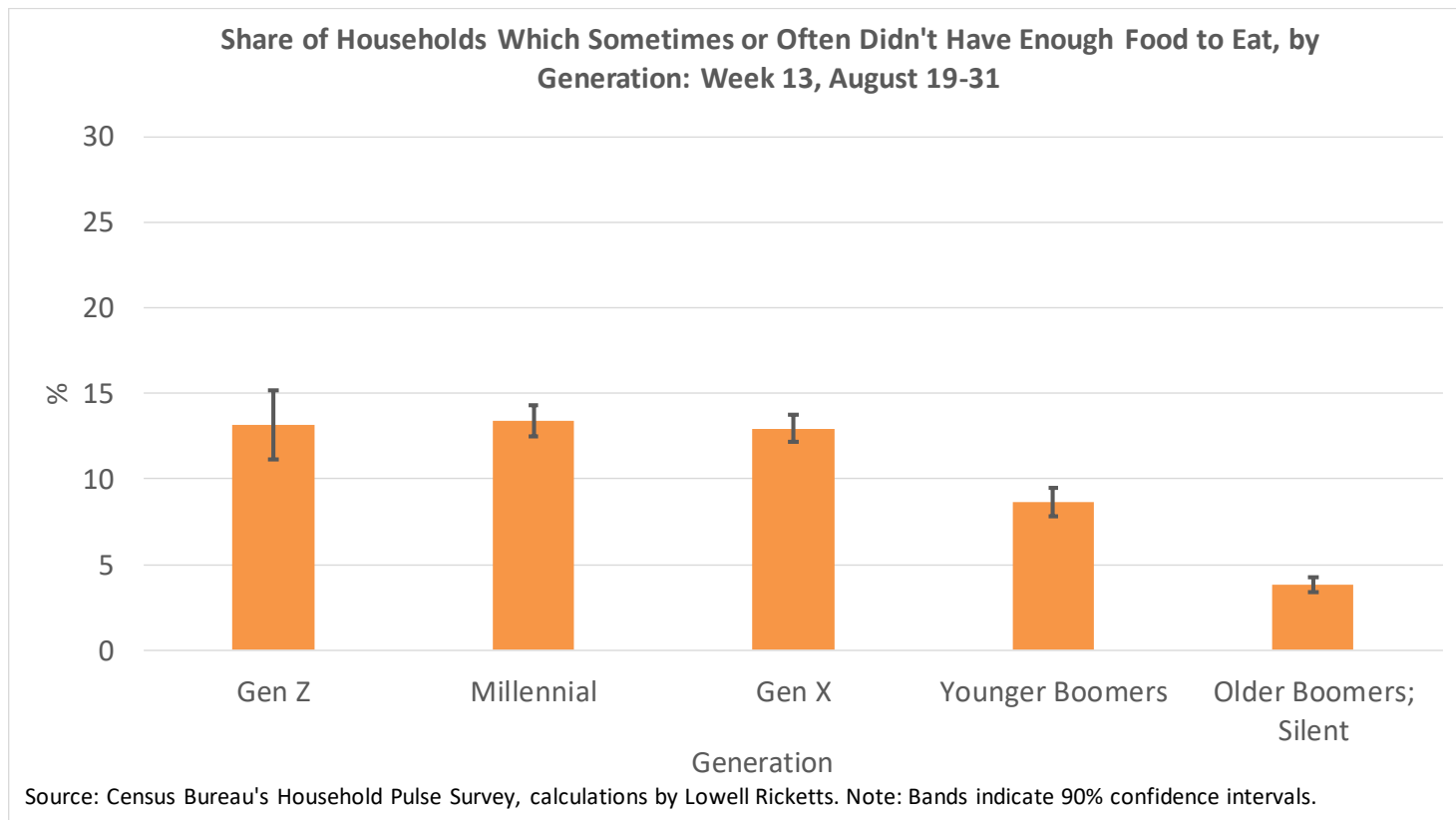


WHAT'S GOING ON WITH GEN X?

Around Half of Gen X Families Lost Income



Food Insecurity Rate Also Elevated for Gen X



Unusual Distress Among Gen X

- Based on the life cycle of financial outcomes, we would expect this group to exhibit relatively better outcomes.
- Among renters, Gen X had the highest rate of distress.
- Among owners, Gen X had a distress rate comparable to Millennials and Gen Z.
- The high rate of lost income is certainly part of the story.
- While speculative, this may also reflect scarring from the Great Recession.

COMMUNITY DEVELOPMENT

Housing Insecurity Resources

- National Low-Income Housing Coalition, NLIHC's National Moratorium Webpage: <https://nlihc.org/national-eviction-moratorium>
- Consumer Financial Protection Bureau: <https://www.consumerfinance.gov/coronavirus/>
- USDA Rural Development, COVID-19 Federal Resource Guide: https://www.rd.usda.gov/sites/default/files/USDA_COVID-19_Fed_Rural_Resource_Guide.pdf
- St. Louis City CARES – Rental & Mortgage Assistance Program: www.stlouis-mo.gov/human-services/care-act-rental-mortgage-assistance.cfm

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