Guest Editors' Introduction

Emerging and Evolving Data Trends Since COVID-19 Began

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Introduction

The onset of the COVID-19 pandemic disrupted society in a multitude of ways. In the United States, cases rose quickly and spread across the country in early 2020, which led to the declaration of a national emergency in March 2020. Local governments imposed lockdowns and began quarantine mandates that would partially conclude by that summer but restart multiple times over the next couple of years.[1]

Various federal agencies enacted policies to promote the safety and soundness of their mission-driven activities. A challenge that arose in those early days was tracking how rapidly changing health concerns might lead to economic and prudential risks. Strong housing markets granted early and necessary stability for wavering macroeconomic conditions. An economic crisis was averted by providing debt payment relief and large-scale injections of financial liquidity. However, as conditions improved, other economic and sociopolitical dilemmas challenged decisionmakers to consider whether it was possible to return to prior circumstances or if we faced adapting to a "new normal."

This symposium of *Cityscape* is devoted to COVID-19-related changes in the U.S. housing markets, and whether the current trends merely build on prepandemic tendencies or represent a regime change. The articles show that COVID-19 has created unique challenges for data collection, measurement, and trend analysis. Each article documents changes in the practical analysis of real

[1] At the time of this writing, in the United States, more than a million people have died from the disease, and more than 86 million positive cases have been identified, representing one-fourth of the country's population. The number, though, has become increasingly censored as vaccines and therapies have reduced side effects, at-home testing has expanded and reduced reporting to public authorities, and data collection has become less frequent and less detailed.

estate markets. The authors of these contributions work for different federal agencies focused on consumer protections, housing markets, secondary mortgage lending, and regulatory oversight.

Symposium Articles

Credible, accurate, and objective statistical information is important for evidence-based policymaking. The pandemic has disrupted many aspects of our society, and—although less tangible—housing and mortgage market data and research insights have helped provide stability during the otherwise uncertain times since COVID-19 began. This symposium includes six articles that survey how both public and private sectors have reacted to the changes in underlying forces of housing supply and demand.

The initial three articles cover how mortgage markets have survived in terms of both preventing large-scale defaults by mortgage borrowers and ensuring stability in the lending environment. The subsequent three articles review how housing markets have been affected by rising prices, tighter supply, and relocations spurred by the pandemic and remote work.

In the first article, "Characteristics of Mortgage Borrowers During the COVID-19 Pandemic: Evidence from the National Mortgage Database," Greta Li, David Low, and Judith Ricks (2022) present evidence about who took advantage of forbearance, which gave homeowners a temporary pause on mortgage payments. The authors investigate the characteristics and demographics of individuals, finding that minority and lower-income households were more likely to be in forbearance or delinquent up to a year after the pandemic began.

In the second article, "Heterogeneity in the Effect of Covid-19 Mortgage Forbearance: Evidence from Large Bank Servicers," Lan Shi (2022) investigates the next step in the process when borrowers try to transition out of forbearance. Data from the largest national bank servicers suggest that borrowers take several distinct exit paths when their forbearance period is completed. Some borrowers signed up but did not need "the call option," in which they could choose to stop paying on their mortgage without suffering a negative mark on their credit report or fear of losing their home. These borrowers either remained current throughout forbearance or—if not all payments were made—they were still able to become current upon exit. Other borrowers, though, were not as fortunate and encountered personal financial difficulties that left them unable to continue making the same mortgage payment. They may have required modifications or found themselves back in forbearance after having successfully exited and resumed their regular payments. The forbearance policy served various purposes depending on borrower-specific situations, such as providing an opportunity to improve financial liquidity and reducing uncertainty in sensitive labor market conditions.

In the third article, "Mortgage Appraisal Waivers and Prepayment Speeds," Joshua Bosshardt, William Doerner, and Fan Xu (2022) study a policy change to appraisal waivers during the early stages of the pandemic. The adjustment aligned eligibility and expanded waivers so that Freddie Mac-refinanced loans would be treated similarly to those delivered to Fannie Mae. Prepayment rates appear to increase, but the rise is largely attributable to loans with waivers tending to self-select as already having faster prepayment speeds. A year later, this impact began to abate as mortgage

rates rose and began to phase out borrowers who would have previously benefited financially from refinancing at the historically low rate levels. The decline in refinance activity coincided with the slowdown of appraisal waivers, which had been driven by those mortgage product types, and fewer differences remained between the Enterprises for loans eligible for the waivers.

In the fourth article, "Applying Seasonal Adjustments to Housing Markets," William Doerner and Wenzhen Lin (2022) confront an issue in the measurement of house price indices. These indices are adjusted to remove usual seasonal effects. Doerner and Lin start by describing how adjustment factors are usually calculated with simulations and empirically. Extremely rapid off-season appreciation during the pandemic has played havoc with these models.

In the fifth article, "Housing Supply and Liquidity in the COVID-19 Era," Justin Contat and Malcolm Rogers (2022) turn to the first stage of house price formation, when properties are listed for sale. High-frequency real estate listings data suggest that statistically significant structural breaks in the supply and liquidity of housing markets occurred during the spring of 2020 and continued throughout that year for a variety of housing market indicators. The authors pose the question of how such breaks may vary and change by location.

In the sixth article, "Are Settlement Patterns Changing in the United States as We Emerge from the COVID-19 Pandemic?" Elaine Ng, Jeremy Albright, Holi Urbas, and Kurt Usowski (2022) describe a change in housing settlement patterns during the pandemic. The authors use urban theory to explain potential relocation patterns in homeownership and rental activity during the pandemic with four typologies: cities remain the same due to agglomeration spillovers, intermediate cities develop as the demand for physical proximity relaxes, inner-city areas are hollowed out like a donut as preferences shift, or urban cities vanish as bid rent curves flatten with the diminished competition. Data suggest there is evidence that each of these transitions happened in different areas of the country, but the trends may have begun to slow. These findings contrast with popular press articles, which make simple assertions of a single settlement pattern—a mass exodus from cities. The results highlight the potential but still unknown extent to which the pandemic has altered housing markets.

Acknowledgments

The guest editors would like to thank the authors of the articles in this volume and seminar participants for their comments.

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