



CALIFORNIA ASSOCIATION OF REALTORS®
LEGISLATIVE DAY 2021

April 27, 2021
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The pandemic ignited a housing boom

Source: The Wall St. Journal

Most real estate analysts agree that the pandemic helped ignite the current boom as some urbanites looked to leave crowded cities like New York and San Francisco for cheaper cities or for more space in the suburbs while working from home.

When lockdowns began lifting last year, home sales in California took off: California's housing market recorded the largest month-to-month sales increase in nearly 40 years in June, and in July, home sales

climbed to their highest level in more than two and a half years, while setting a record-high median home price.

Some of the home sales in the past year were likely sales that would have happened in the next few years but were accelerated due to Covid-19 and could lead to a slight slowdown in demand going forward. Economists also caution that a shortage of homes on the market could limit the number of sales this year.

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California home sales and prices ease in February

Source: CALIFORNIA ASSN. OF REALTORS®

California home sales moderated in February as mortgage rates spiked in recent weeks, while tight housing supply continued to constrain demand, especially in more affordable markets, the CALIFORNIA ASSOCIATION OF REALTORS® said this week.

“The housing market has been cruising at a robust pace since the second half of 2020 but has encountered some speedbumps recently as rates began to rise,” said C.A.R. President Dave Walsh, vice president and manager of the Compass San Jose office. “While higher rates may slow growth in home sales temporarily, the major roadblock in the long run is a shortage of homes for sale. With inventory dropping more than a half from a year ago, the market will soften in the second half of 2021 if we don’t see enough homes come on the market to meet demand.”

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Renters and Biden's \$15,000 tax credit

Source: Housing Wire

The housing industry has been watching President Joe Biden's proposed \$15,000 homebuyer tax credit for first-time buyers and wondering how many people would actually benefit from it.

The tax credit would cover a borrower's entire down payment for a home in 40 of the 50 largest U.S. metros, according to Zillow. In metros that are considered more affordable, the tax credit would help a large percentage of renter households but areas like California would see a smaller share of renters who could benefit — more likely in the thousands than millions.

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3-D printed homes taking off

Source: CNBC

3-D printed housing communities are being planned in Rancho Mirage, Calif. and Austin, Tex.

Construction of 3-D homes is 10 percent to 30 percent cheaper than traditional construction and can be built several months faster. This is especially important given the rising costs builders are seeing for

conventional construction materials, like steel, aluminum and especially lumber. 3-D printing production process also eliminates 99 percent of construction waste.

Made of concrete or a polymer, these homes have shown to be far more energy efficient, sustainable and resilient than conventional wood-built homes. Another advantage: since the homes are concrete, they are resistant to mold, termites, water and rot.

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SoCal adopts plan to build 1.3 million new homes by 2029

Source: OC Register

Southern California leaders voted earlier this month to adopt a new housing plan for the 2020s that will triple its future homebuilding goals, acting over repeated objections that the number is too big.

The vote by the Southern California Association of Governments – made up of elected officials from 191 cities in six counties – requires local cities and counties to draft plans to zone for 1.34 million new homes by the end of 2029. That’s equivalent to adding almost as many new homes in the region as now exist in Orange and Ventura counties combined.

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Mortgage refinance tanks as rates climb

Source: CNBC

Higher mortgage rates are cutting into demand for refinances, as fewer and fewer borrowers can now get worthwhile savings.

Applications to refinance a home loan fell 4 percent for the week and were down 39 percent compared with the same week one year ago, according to the Mortgage Bankers Association's seasonally adjusted index. Just a few months ago, refinance volume was more than 100 percent higher than the previous year. In addition, the refinance share of mortgage activity decreased to 62.9 percent of total applications from 64.5 percent the previous week.

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