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# **The American Dream in San Francisco: Undiminished by Foreclosures and the Housing Crisis**



A report for HomeownershipSF

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## Executive Summary

Data collected between August and December 2008 from focus groups with 46 renters and surveys completed by 1,042 renters in the San Francisco Bay Area, yielded six key findings regarding consumers' perceptions of and preferences for homeownership:

- Demand for homeownership remains strong, especially in San Francisco
- Fear and anxiety are causes for concern, but not overwhelmingly so
- Potential buyers prefer single-family homes
- Affordability remains a major concern
- Renters distrust lenders and real estate professionals
- Consumer interest in homeownership counseling and education is growing

### **Demand for homeownership remains strong, especially in San Francisco**

Based on data from the focus groups and surveys, the demand for homeownership is strong, despite the fear and anxiety related to foreclosure, and recent media attention on the pitfalls of owning a home. More than half of all survey respondents believed owning is better than renting, and the majority reported they were more likely than not to buy a home within three years. In addition, focus group participants generally had a strong interest in homeownership for a variety of reasons, including the potential to build wealth for themselves, pass an asset onto their heirs, feel a sense of accomplishment and have a place of their own to raise a family or retire.

Among focus group participants and survey respondents who were clients of nonprofit organizations in San Francisco, demand for homeownership within the city itself is very high. More than 80 percent indicated that they would most like to buy a home in San Francisco, rather than other areas in or outside the Bay Area. In addition, many survey respondents expressed their willingness to make trade-offs in order to live in San Francisco—just under three-fourths of all survey respondents favored a smaller home over a longer commute time and just over half preferred a higher monthly payment to a longer commute. One focus group participant noted, “It’s really important for me to buy a home in San Francisco.”

### **Fear and anxiety are causes for concern, but not overwhelmingly so**

As might be expected given the media focus on the housing crisis during the research period, survey respondents and focus group participants expressed some fear and concern about homeownership. When asked about their major worries related to owning a home, survey respondents rated paying too much for a house as their greatest

concern. In addition, nearly one-third felt that it would be very difficult to qualify for a mortgage. More than three out of four expressed worry that problems in the housing market would affect them personally; however, the majority of those who reported worries indicated that they were only slightly worried. On average, the renters in this survey predicted 40 percent of those buying homes in 2008 would lose their home to foreclosure, and 60 percent of 2008 homebuyers would sell their home for less than they paid for it. However, the previously mentioned positive feelings expressed by survey respondents and focus group participants about homeownership appear to outweigh any concerns related to owning a home or the housing market in general. Moreover, respondents from lower-income households tend to view the current situation as an opportunity to acquire a home at a more affordable price than has been available for many years. In one focus group, there was consensus among participants that there is a mix of both fear of what is occurring in the market, and hope due to the decline in prices.

### **Potential homebuyers prefer single-family homes**

In general, renters are seeking traditional forms of homeownership. Half of the survey respondents noted that they most wanted to buy a single-family unattached home. One focus group participant expressed her desire to transport a suburban home into the middle of San Francisco. Although many prospective buyers hope to buy single-family detached homes, it is unlikely they will be able to do so in San Francisco, given average home prices in the city.

### **Affordability remains a major concern**

Affordability remains a major issue for prospective buyers in San Francisco. In the focus group sessions, affordability was the most commonly discussed topic. One focus group participant commented, “I don’t see how I could afford a house here in San Francisco.” Most of the renters in the survey would recommend buying a home in their current neighborhood, but cannot afford a home there. In general, the target values for prospective buyers are about half the value they predict for homes in their current neighborhood. With respect to affordability, renters seem willing to make larger down payments in exchange for lower monthly payments, as well as receive lower interest rates in exchange for attending required homeownership education and counseling sessions. When asked what would be most helpful when buying a home, survey respondents answered down payment assistance and access to low-cost mortgage loans — underscoring the importance of financial assistance in overcoming the affordability barrier to owning a home in San Francisco.

## **Renters distrust lenders and real estate professionals**

While survey respondents expressed a high probability that they would start the process of buying a home by contacting a real estate professional, they reported a low level of trust of real estate professionals as sources of information related to the San Francisco area housing market. Distrust of lenders, mortgage brokers and real estate professionals was more prominent in the focus group sessions. A number of focus group participants talked about being uncomfortable or nervous working with lenders and real estate professionals; one participant expressed that she felt like she “was going to get screwed by a bank.” Another focus group participant referred to mortgage brokers as “loan sharks,” and yet another noted the “self-interest of real estate agents to ‘close the deal’ to earn their commissions.”

## **Consumer interest in counseling and education is growing**

Likely due to fear and concern about the housing marketplace and distrust of industry professionals, survey respondents and focus group participants expressed increasing interest in obtaining education and counseling before buying a home. Nearly half of all survey respondents said they would be very likely to take a class and/or consult a housing counselor prior to purchasing a home. Four out of ten respondents indicated that their interest in education and counseling had increased over the past year. In addition, survey respondents expressed a willingness to pay \$40 or more for such services. These findings suggest that historically high foreclosure rates may result in consumers who will be more cautious regarding housing choices in the future.

Overall, demand for homeownership in San Francisco remains high. At the same time, there is increasing demand for homeownership education, counseling and “trusted advisors,” as well as a willingness to pay for such services. This emphasizes the importance of ongoing efforts by local service providers and government agencies to examine the accessibility and quality of these services in San Francisco. Notwithstanding these results, affordability remains a major concern. Creating the opportunity to buy affordable homes located near employment, and expanding mortgage assistance programs generally align with consumer preferences; however, a gap remains between homeownership possibilities and low-income renters’ expectations of the type of housing available and affordable for them to purchase in San Francisco.

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## Background of HomeownershipSF

HomeownershipSF, a project of Community Initiatives, serves as a centralized resource for all affordable homeownership opportunities in San Francisco, providing seamless homeownership services to first-time homebuyers through its member organizations. HomeownershipSF was founded by five area nonprofit housing organizations: Asian, Inc., Consumer Credit Counseling Service (CCCS) of San Francisco, Mission Economic Development Agency (MEDA), San Francisco Housing Development Corporation (SFHDC) and San Francisco Urban Community Housing Corporation (SF Urban).

The mission of HomeownershipSF is to help diverse and underserved households achieve and sustain homeownership in San Francisco through a coordinated network of member organizations.

HomeownershipSF began in 2007; the concept initially resulted from research on how to increase local homeownership opportunities for first-time minority and low-income homebuyers in San Francisco. Based on interest from the five nonprofit homeownership service providers and the planned production of affordable homeownership units in San Francisco (as many as 2,500 over the next five years), over \$200,000 in funding was secured to plan for and develop a citywide collaboration over an 18-month period. The funding was received from the city of San Francisco; several local foundations, financial institutions and nonprofit organizations; and NeighborWorks® America. The development phase resulted in the incorporation of a new nonprofit organization — HomeownershipSF — to serve as the coordinating agency and an additional \$150,000 in funding to operate it.

HomeownershipSF is a unique approach to homeownership service delivery within a high-cost, large metropolitan area. It is focused on creating a more effective and efficient system to help more people achieve and maintain homeownership in San Francisco. HomeownershipSF will ensure that the infrastructure is in place to prepare thousands of diverse and underserved households to become first-time homebuyers in San Francisco by capitalizing on upcoming affordable

### Funding Partners

To date, the following have invested in the formation of HomeownershipSF:

- The five founding agencies
- Bank of America
- Chase
- Citi
- Federal Home Loan Bank of San Francisco
- Federal Reserve Bank of San Francisco
- Mayor's Office of Housing (through a Fannie Mae Foundation grant)
- National Federation of Community Development Credit Unions
- NeighborWorks® America
- The San Francisco Foundation
- US Bank
- Wachovia
- Walter and Elise Haas Fund

homeownership opportunities and ensuring that buyers receive safe, responsible loans. To accomplish these goals, HomeownershipSF provides the following core services:

- A centralized website with information about affordable homeownership products and services;
- A public awareness campaign about affordable homeownership opportunities;
- Uniform delivery standards for homeownership education and counseling;
- Coordination and information-sharing about delivery of homeownership services;
- Capacity-building of homeownership service providers; and
- Advocacy and public-policy development related to affordable homeownership issues.

To date, HomeownershipSF has helped to achieve the following results:

- Increased the number of educated and/or counseled homebuyers purchasing in San Francisco by more than five times over two years — from approximately 80 in 2006 to over 420 in 2008;
- Increased the number of educated and/or counseled homebuyers in San Francisco by 1.5 times over three years — from 2,400 in 2006 to 3,600 in 2009;
- Tripled usage of the San Francisco Mayor’s Office of Housing’s mortgage assistance and affordable homeownership programs, and increased the diversity of the programs’ users over the past three years;
- Created a shared calendar of homeownership education workshops and a service delivery standard of at least six hours of homeownership education; and
- Strengthened interagency relationships and created a collective voice on local homeownership service delivery.

For more information, visit [www.homeownershipsf.org](http://www.homeownershipsf.org) or contact director Christi Baker at [christi@homeownershipsf.org](mailto:christi@homeownershipsf.org).



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## Introduction

Given recent economic developments, buying a home seems more daunting than ever before. Overpaying, maintenance and foreclosure — these risks loom larger than in the past, as media attention focuses on problems in the housing market. Yet, homeownership advocates in the city of San Francisco have witnessed continued interest in homeownership, even among renters seeking to become first-time owners. Of course, recent price declines could be viewed as an opportunity to obtain homes at more affordable levels. Restrictions on the credit market are balanced by record low interest rates for mortgages. And today's home shopper is savvier due to lessons learned from yesterday's troubled borrowers.

The current research, conducted via surveys and focus groups, was launched in part to assess the extent to which homeownership is still in demand and how homeownership services from local government agencies and nonprofit organizations can best be designed in a coordinated system in San Francisco.

This report has ten sections, beginning with a review of the methods used and key findings. Overall, these data provide insights into the potential developments of the first-time homebuyer market over the next few years.

## Methodology

HomeownershipSF administered a 40-question online survey between August and December 2008. Conducted by PolicyLab Consulting Group, this survey drew respondents from a panel of non-elderly renters with incomes under \$75,000 provided by online data firm Zoomerang/MarketTools (Zoomerang™, Market Tools Inc., Mill Valley California USA, [<http://info.zoomerang.com>]). Participants in this panel were recruited to reflect the income, age and racial/ethnic distribution of the general population, and were provided incentive points (which can be exchanged for goods and services) for completing surveys. Therefore, the panel provides a more representative group than Internet users in general.

In addition, a second panel consisting of clients of San Francisco-based nonprofit organizations offering homeownership services was surveyed using the same instrument. Surveys for the second panel were also conducted by mail and were provided in Spanish, Cantonese and English. Only renters were included in the survey; current homeowners were screened out. The purpose of the survey was to measure perceptions of the costs and benefits of homeownership in the context of the current housing crisis and unprecedented rise in foreclosures, coupled with a decrease in home values.

A total of 1,042 renters were included in the survey, including 400 provided by Zoomerang/MarketTools. The additional 642 renters were recruited using e-mail and residential address databases from San Francisco-based nonprofit organizations offering homeownership services, including Asian, Inc., San Francisco Housing Development Corporation (SFHDC), the Lesbian Gay Bisexual Transgender (LGBT) Community Center,<sup>1</sup> Mission Economic Development Agency (MEDA), and San Francisco Urban Community Housing Corporation (SF Urban). The overall response rate from the client databases provided by these organizations was 41 percent. A total of 80 percent of the surveys were completed using the Internet, with the remainder completed via mailed paper surveys. There were no differences in responses by form of survey, with the exception of age and language spoken. A total of 14 percent of surveys were translated into Spanish or Cantonese. Respondents represented 202 different zip codes in the Bay Area, with about half from the city of San Francisco.

In addition to the survey, a series of five focus groups were conducted in English, Chinese and Spanish during August 2008 in order to gather further qualitative information. Using a standardized question guide and transcript analysis, three groups were administered in English, one in Spanish and one in Chinese. The results are meant to expand on the survey data and are included in this report to illustrate the data as appropriate.

In general, results are displayed by each source of data, using the following labels:

ASIAN = Asian, Inc.

SFHDC = San Francisco Housing Development Corporation

LGBT = Lesbian Gay Bisexual Transgender Community Center

MEDA = Mission Economic Development Agency

SF URBAN = San Francisco Urban Community Housing Corporation

PANEL = Zoomerang/Market Tools (comparison group)

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<sup>1</sup> At the time the survey was conducted, the LGBT Community Center did not offer homeownership services but was considering doing so and therefore was included in the survey.

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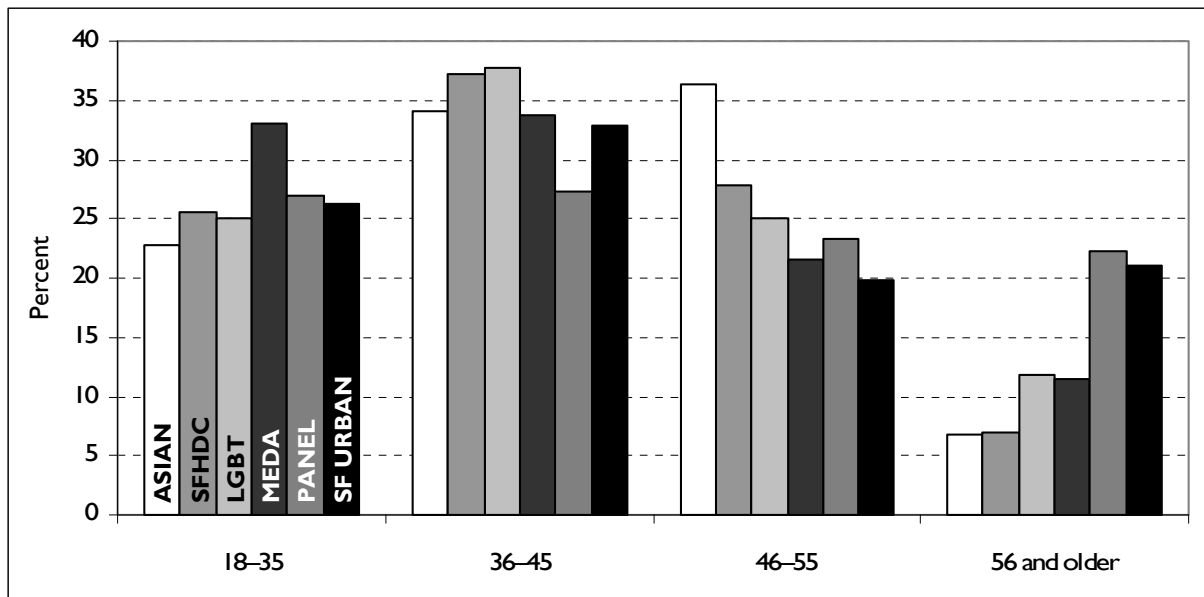
# 1. Background of Respondents

The survey respondents were generally young and had modest incomes, and many were members of racial or ethnic minority groups. The renters in the survey had mixed experiences with housing tenure. About 24 percent of the renters surveyed had been in a rental unit for at least a decade, while 43 percent had been in a rental unit for less than four years. The median monthly rent for respondents was under \$1,000, and 80 percent paid less than \$1,500. The typical household in the survey had just over two people.

Figures 1–1 through 1–5 display data on basic demographic characteristics of the respondents by the source of the data — clients of each agency or the comparison panel data. Similarities and differences are highlighted, as these may play an important role in the interpretation of survey items in proceeding sections.

Figure 1–1 displays the age distribution, illustrating the emphasis on younger renters. This is intentional, as the survey is designed to measure attitudes among renters early in their housing life cycle who may become homeowners in the future. In general, age distributions were similar across surveys, with MEDA having a larger proportion of younger respondents, and the PANEL and SF URBAN having a larger proportion of older respondents.

**Figure 1–1. Percentage Age Distribution by Agency**

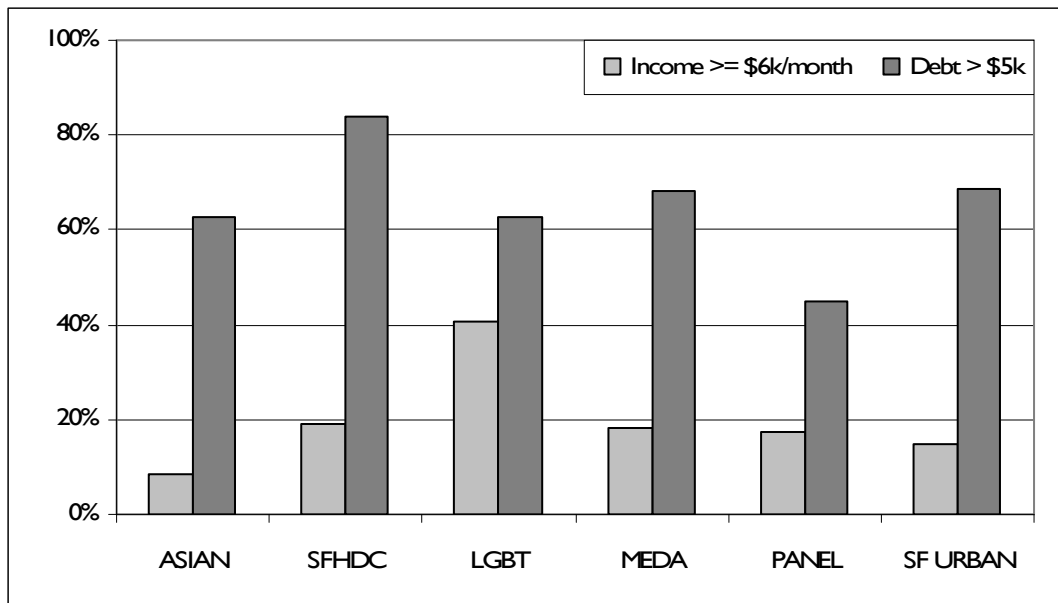


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

One important factor to compare is the relative income and credit status of the renters in the survey. Renters with more income and less debt will be better positioned to succeed in homeownership than those with lower incomes or higher debt levels. Figure I-2 displays the proportions of respondents with higher levels of income and debt, illustrating that the survey captures mostly lower-income renters, most of whom are carrying debt. The PANEL respondents and clients of local homeownership service providers were similar, although the PANEL had a slightly lower percentage of people with at least \$5,000 in debt, in part due to the larger share of older renters who tend to have lower debts. LGBT clients were more likely than the other groups to have at least \$6,000 in monthly income.<sup>2</sup>

In general, the data suggest the variations in underlying economic conditions among the survey samples are similar, and reflect the situation of lower-income renters in the community.

**Figure I-2. Income and Debt Levels by Survey Source**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Rent levels in the Bay Area are the highest in the region and among the highest in the nation. Level of rent provides a snapshot of a renter’s general status in the housing market. Low rents may be a result of subsidies or sharing rent with someone else (neither of which were measured in the survey). Respondents may also include various

<sup>2</sup> This translates to annual income of over \$72,000, which is approximately the median income, \$72,630, in the Bay Area in the 2007 Census American Community Survey, and 75 percent of the San Francisco median income, \$96,800, in 2009 as measured by the U.S. Department of Housing and Urban Development.

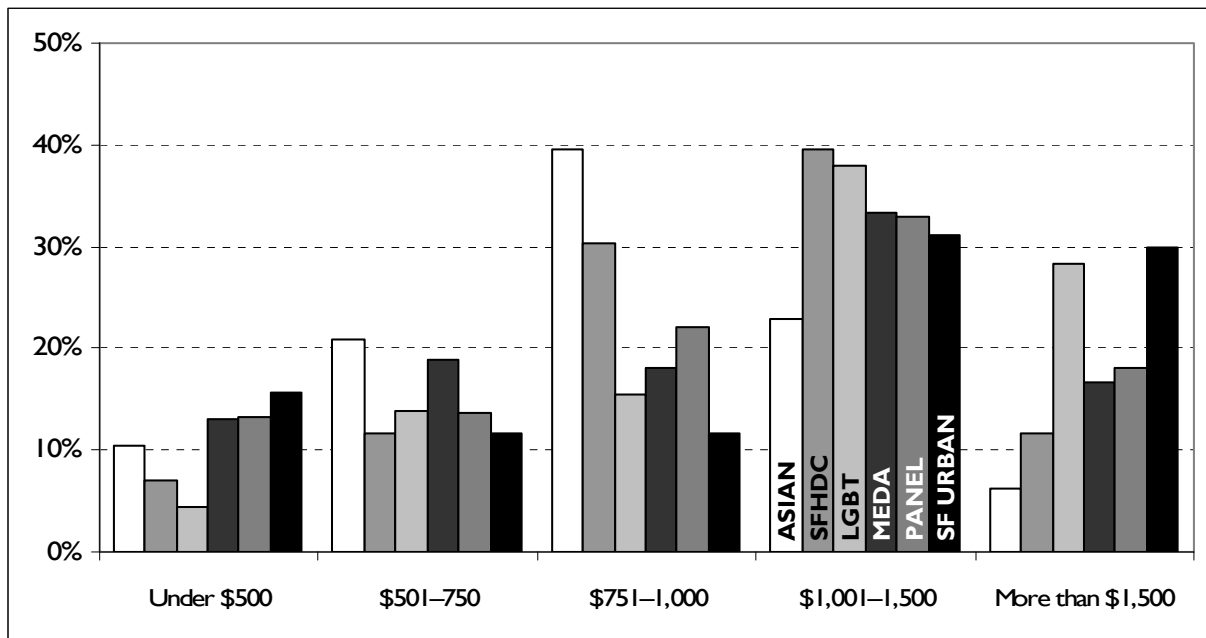
fees and charges when self-reporting rent (e.g., trash, utilities), rather simply the contract rent. Assuming these data collection problems are equally distributed across sites, this question provides a reasonable proxy for relative rent level.

Figure 1–3 shows the survey respondents’ self-reported rent amounts per month. As a rough approximation, these results suggest the median monthly rent was between \$1,000 and \$1,500. Levels were similar for the PANEL respondents and clients of local homeownership service providers, although ASIAN had a greater percentage of individuals at lower rent levels.

According to the Novato research firm RealFacts, in January 2008 the average rent in the Bay Area was \$1,562; the average in the city of San Francisco was \$2,285. This is additional evidence that the survey represents a lower-economic status group compared to the general population.

LGBT and SF URBAN both showed a slightly higher rent level. For LGBT, this may be due to higher reported income levels, as shown in Figure 1–2. SF URBAN clients may simply be located in neighborhoods with fewer rental options, and therefore, face higher costs of renting in the city.

**Figure 1–3. Monthly Rent Levels by Survey Source**  
**“About how much are you paying for rent each month?”**

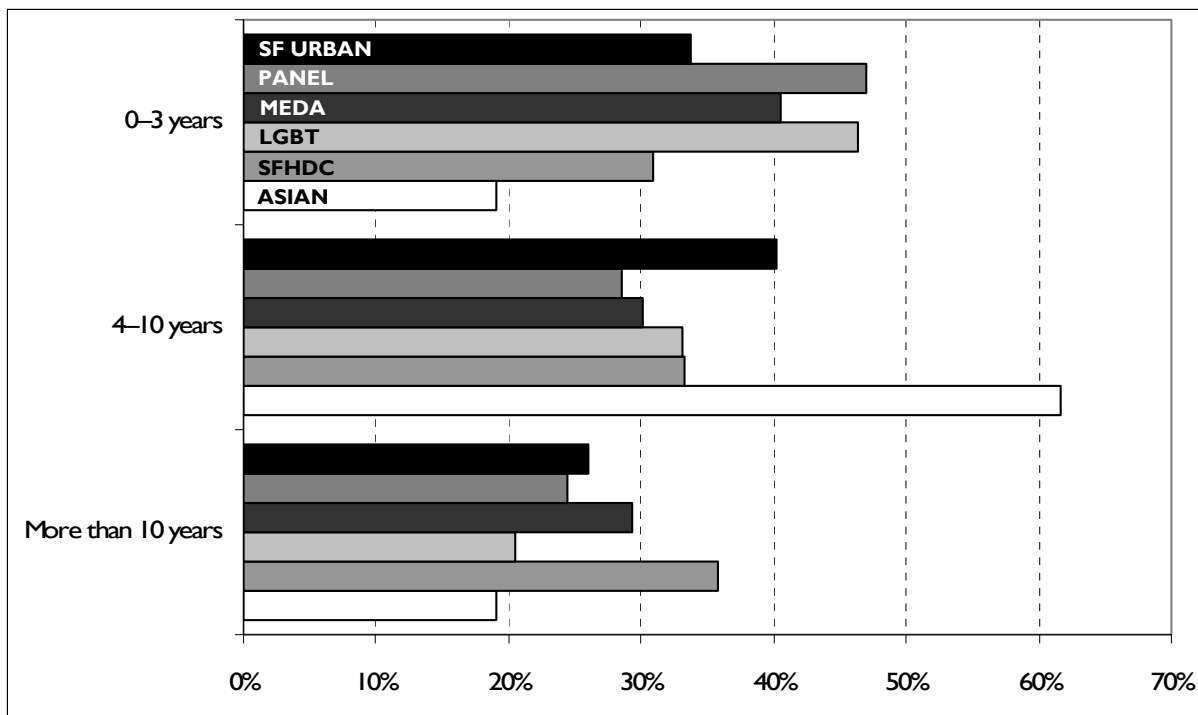


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Figure I-4 displays survey respondents' self-reported length of residence (in years) in their home or apartment. About one in five renters had been in their unit for ten or more years, reflecting a relatively stable group of renters. The PANEL and LGBT respondents were more likely to be recent movers, while SFHDC and ASIAN tended to be longer-term renters at their current units. In general, the survey respondents were longer-term renters than is typical nationally (nation-wide, the majority of renters have moved in the last three years).

Length of time in an apartments provides a sense of either how attached a household is to their current situation, or how limited other housing options may be. Renters tend to be mobile, especially as households change size and age structure.

**Figure I-4. Rent Tenure in Years by Survey Source:  
“How long have you lived in your current rental unit?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

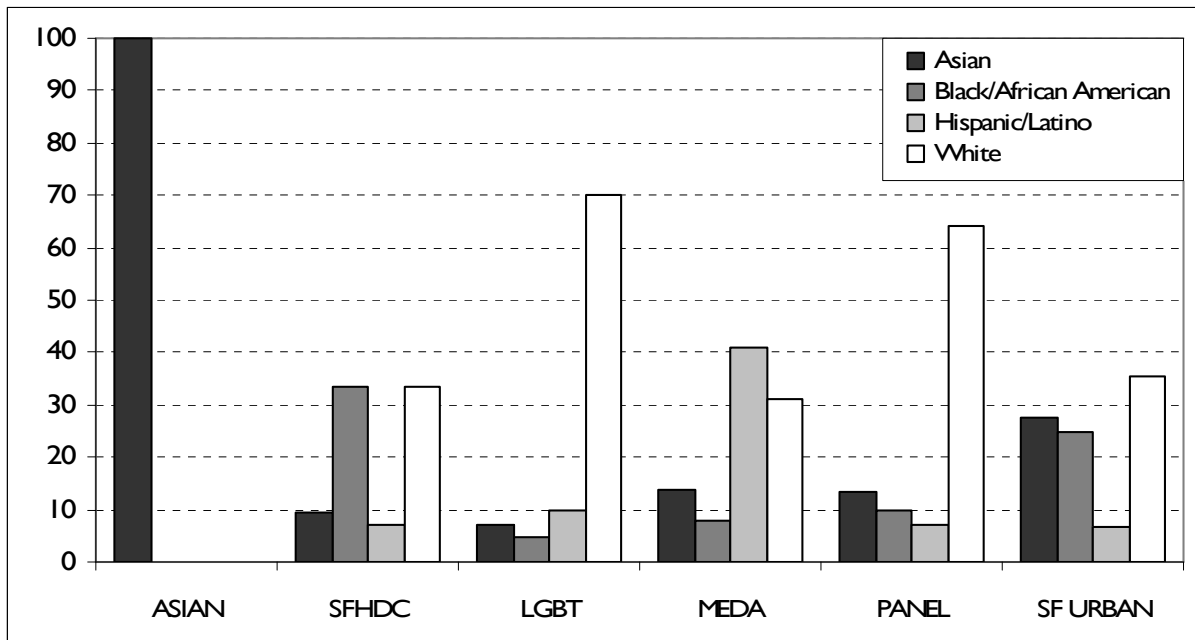
Figure I-5 presents survey respondents' self-reported racial or ethnic group. As may be expected, given the added diversity of the city compared to the Bay Area, and the target populations of the agencies involved in the surveys, clients of agencies located in the City of San Francisco were more likely to be a member of a non-White racial or ethnic group.

About one in three of the PANEL respondents were members of a non-White racial or ethnic group, while at least two out of three respondents in the local agency surveys

were members of a non-White racial or ethnic group. All of the respondents to the survey from ASIAN were Asian; SFHDC included more African American respondents compared to the other surveys; and MEDA respondents were more likely to report being Latino/a compared to other survey groups; this is to be expected given the target populations of these organizations.

SF URBAN respondents were fairly evenly distributed between Asian, African American and White racial groups. The LGBT sample was more similar to the PANEL with respect to racial/ethnic distribution, and, in fact, had an even lower proportion of non-White respondents than the PANEL.

**Figure I-5. Race/Ethnicity of Respondent by Survey Source**  
 (% of each reported group)



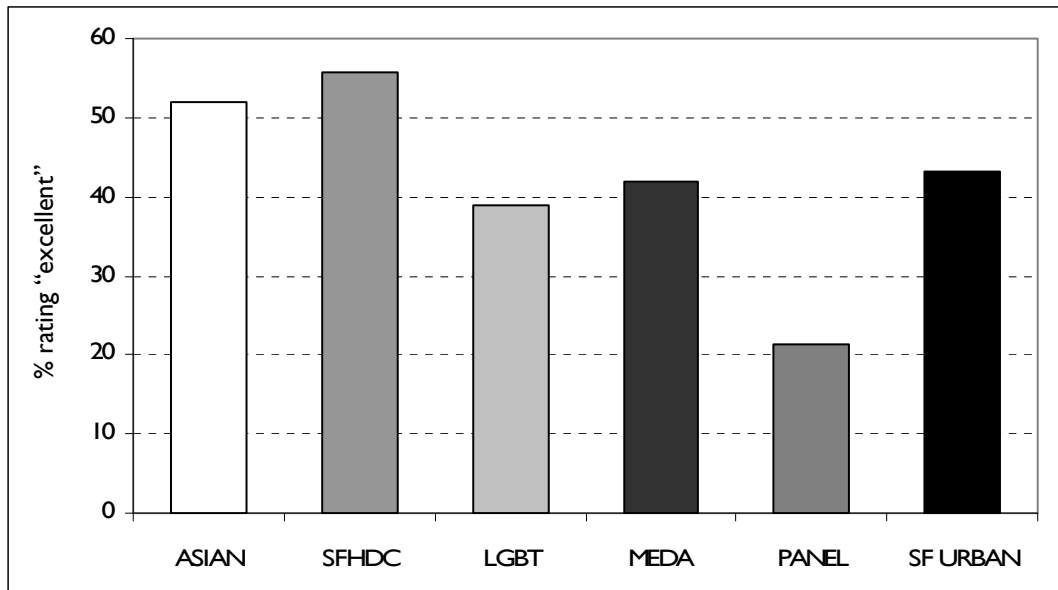
Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

One last variable to consider across the survey sources is the respondent's perceived credit status. The better a renter views his/her own credit, the more likely s/he will view homeownership as a viable option. Previous studies suggest self-perceptions of credit are a reasonable indicator of credit quality, although many consumers, especially those with little credit experience, tend to be overly negative in their assessment relative to reality.<sup>3</sup>

<sup>3</sup> For example, see: Collins, J. Michael, Rochelle N. Gorey, Maximilian D. Schmeiser, Christi L. Baker, Diana Ziegler. 2008. Asset Building Indicators Measures: Analysis and Recommendations. Baltimore, MD: Annie E. Casey Foundation.

Figure I-6 shows the percent of survey respondents who reported their credit ratings as “excellent” (compared to “good,” “somewhat poor,” “very poor” or “not sure”). The PANEL respondents were the least likely to rate their credit as excellent, with only one in five doing so. LGBT, MEDA and SF URBAN each averaged about 40 percent of respondents describing their credit as excellent, while over 50 percent of SFHDC and ASIAN respondents gave this answer. Overall, 34 percent of respondents rated their own credit as excellent. These differences in perceived credit quality are important to consider when comparing responses from renters in each group.

**Figure I-6. Self-reported Credit Quality by Survey Source**  
“How would you rate your credit?” (% rating excellent)



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.



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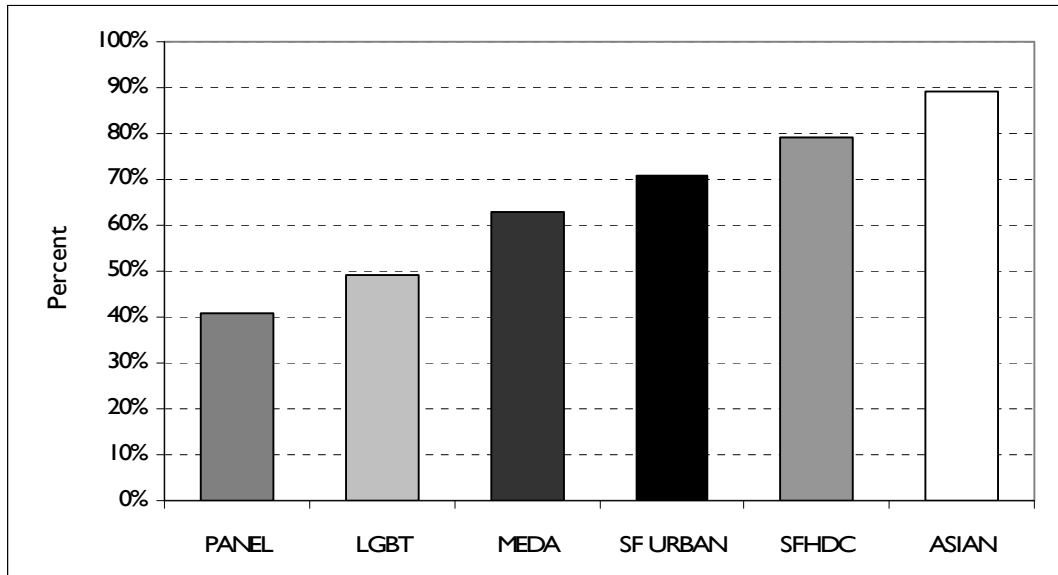
## 2. Attitudes Toward Homeownership

One of the goals of this survey was to examine how current renters perceived homeownership, and if owning a home in the future was a goal among renters. Given the current foreclosure crisis, it is possible that renters could become overwhelmingly negative about the prospects of buying a home. This survey was conducted in late 2008, a period in which the media paid significant attention to the problems of foreclosure and in the home mortgage market, and thus, could have caused renters to be pessimistic about homeownership.

One of the most direct measures of attitudes about owning a home comes from one of the first questions in the survey: “Today, in general, is it better to own or rent a home?” Overall, 52 percent of respondents reported owning is better than renting, while 31 percent were unsure and 17 percent preferred renting. Responses varied dramatically by source. Figure 2–1 displays the results.

In the samples for both the PANEL and LGBT (the two groups with high proportions of White respondents and also marginally higher economic status) less than half of the respondents preferred owning. About two out of three MEDA and SF URBAN respondents preferred owning, compared to four out of five SFHDC respondents and nine out of ten ASIAN respondents. In part, this is due to the emphasis of the latter agencies on helping clients to become homeowners. Clients were associated with these agencies in part because they desired to become homeowners. Only 11 percent to 12 percent of respondents at SF URBAN, SFHDC and ASIAN were unsure if owning was better than renting, as opposed to a third or more of respondents from other sources. This suggests these clients had considered this question and were more confident of their views on owning.

**Figure 2–1. Owning Is Better Than Renting** (Percent of responses by sample group vs. “unsure” and “renting is better”)



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

### Focus Group Results

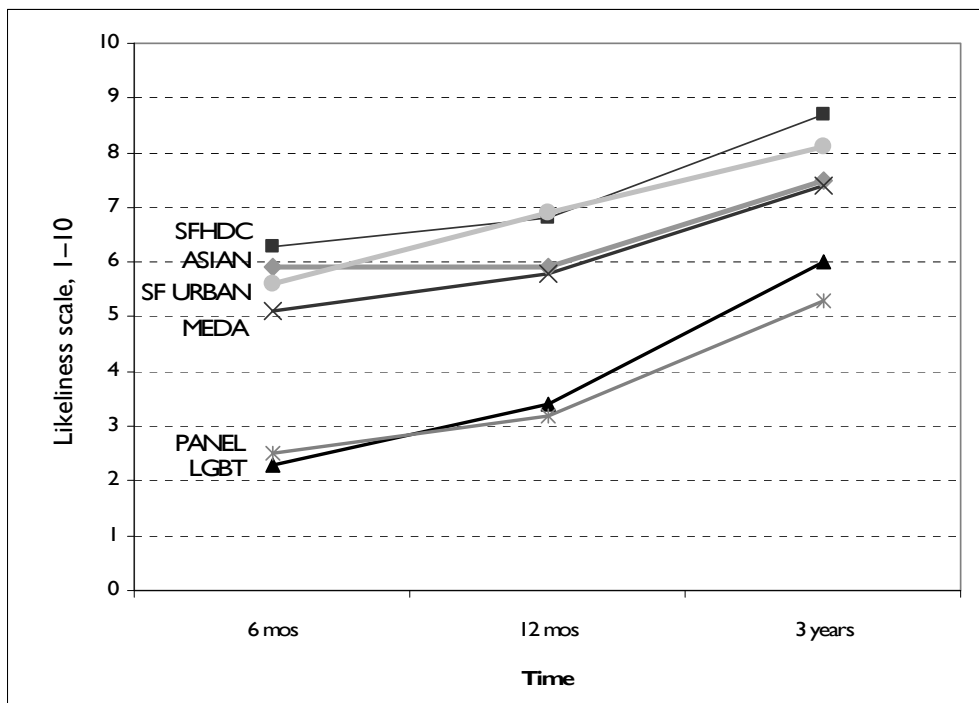
In general, focus group participants expressed positive views of homeownership for a variety of reasons, including investment potential, sense of accomplishment, inheritance potential and having a place of their own. The following excerpts illustrate these themes. One renter commented, “Homeownership means not paying rent anymore. And, hopefully, if you live long enough and do the right things, you get to own — for lack of a better word — a piece of ground.” Another explained, “Homeownership is like accomplishing something. It’s like graduating from a university, like completing a tour of service. It’s something you can be proud of. And people take pride in what they have if they’re buying it versus renters. The blocks look different. They clean their streets and keep their lawns better.” Another noted, “I think that homeownership is important. I think that renting is ridiculous and a waste of money and [it’s] just unfair to be stuck in that position...Homeownership provides an asset for your children...With renting, you can’t pass anything down. I don’t see what’s more important than that.” One renter mentioned, “To me homeownership is important because I’m getting older. And I don’t want to be paying rent when I’m older. I want somewhere to retire.” And yet another said, “Homeownership is very important to me because I would like to raise a family in a house. I don’t want to be renting — trying to raise a family. I don’t know, a lot of stuff happens when you rent a house...I don’t want to be homeless.”

### 3. Plans to Own a Home

While the question about the perception that owning is better than renting provides a simple indicator of attitudes toward owning a home, it does not specifically address whether the respondent plans to buy a home, and if so, when s/he plans to buy a home. All survey respondents were asked to rate their own perception of how likely they were to buy a home in the next six months, twelve months, and three years on a 10-point scale from (1) “not at all likely” to (10) “very likely.” As illustrated by the results shown in Figure 3–1, compared to respondents in other groups, respondents from the PANEL and SF URBAN were less likely to report being likely to buy a home in all three time periods. However, all groups reported an increasing likelihood over time, and all groups reported being more likely than not to buy a home (indicated by numbers greater than 5) by year three.

In general, these results indicate positive prospects for buying a home by 2011. But even in the short term (six months), clients of SFHDC, ASIAN, and SF URBAN viewed themselves as relatively active in the homeownership market. This is likely one of the reasons clients are associated with these organizations.

**Figure 3–1. Likelihood to Buy a Home Over Time**  
“On a 10 to 1 scale, where 10 is “very likely” and 1 is “not at all likely,” how likely are you to try to buy a home in the next...”



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

## **Focus Group Results**

Many focus group participants talked about plans to purchase a home within the next few years. For example, one renter explained, “I think for me it’s high, very high. But I think it’s because I’ve actually gone through the stuff here where I’m not as careful as I was before. I didn’t think I could afford it. But at least I know that I’m trying.”

## 4. Process for Buying a Home

Related to the issue of when someone may buy a home is what process s/he would use to buy a home. Figure 4–1 displays the results of a question designed to gauge how a renter interested in buying a home would start the process. Respondents were asked if they would contact six different agencies or individuals; for each one, respondents could select from multiple options along a 4-point continuum from “definitely yes” to “probably yes” to “probably no” to “definitely no.” Combining the data into two categories shows that most respondents would probably or definitely contact a real estate agent as a first step. Credit unions were selected much less often, even compared to banks. Friends and family (presumably with some experience buying a home) were indicated as a probable starting point by three out of four respondents.

Responses varied slightly by source, with LGBT and PANEL respondents expressing a lower likelihood of citing the city or nonprofits. But it is notable that in both cases nonprofits are much more likely to be cited than the city. Clients with existing relationships demonstrated a higher incidence of willingness to work with a nonprofit, revealing their positive perceptions.

**Figure 4–1. “If you were to start the process of buying a home, how would you begin? Would you contact any of the following?”**

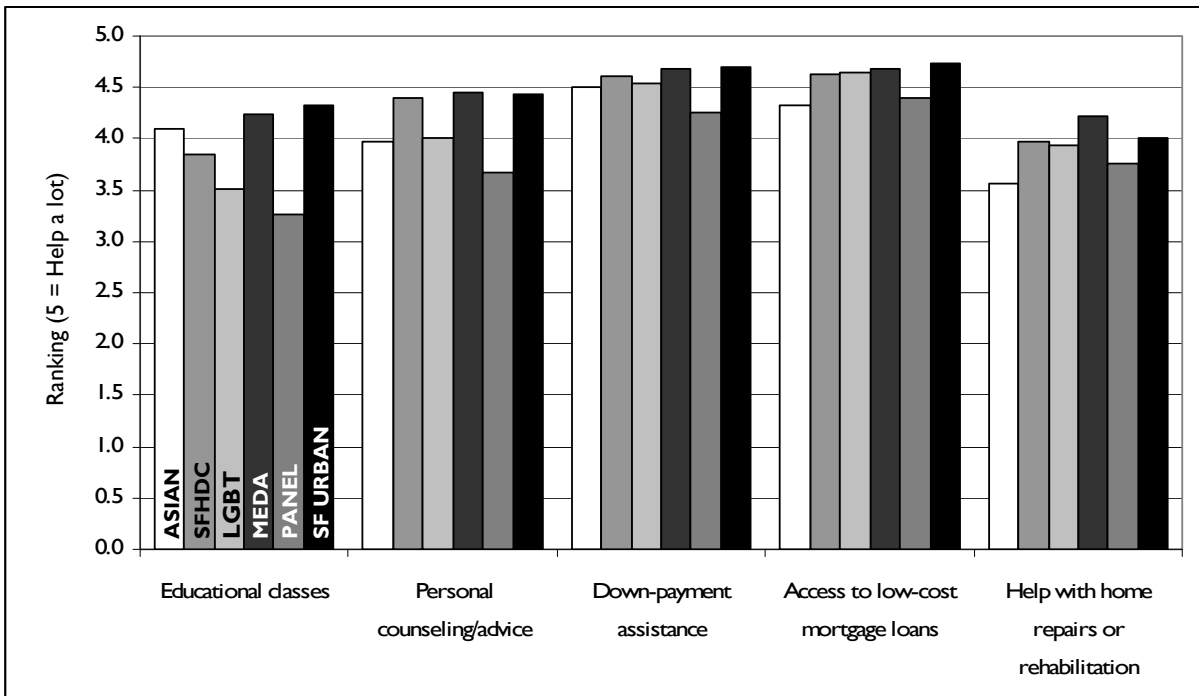
	<i>Probably Yes vs. Probably No</i>					
	<b>Real Estate Agent</b>	<b>Credit Union</b>	<b>Friends/ Family</b>	<b>Bank</b>	<b>City of San Francisco</b>	<b>Nonprofit Organization</b>
ASIAN	89.2%	30.8%	75.0%	81.3%	80.0%	88.6%
SFHDC	75.8%	55.6%	66.7%	69.0%	84.8%	92.1%
LGBT	74.0%	33.7%	61.8%	59.9%	29.3%	52.5%
MEDA	75.7%	46.1%	62.9%	77.0%	73.3%	92.4%
PANEL	64.8%	32.1%	51.1%	47.0%	7.5%	47.8%
SF URBAN	78.5%	41.8%	74.5%	82.0%	83.6%	85.9%
Average	71.7%	35.4%	59.0%	59.3%	34.2%	61.8%

Source: San Francisco Potential Homebuyer Survey, 2008, n=945.

Another factor in the homebuying process is how respondents receive help and support to overcome financial or informational barriers to owning a home. Figure 4–2 displays the results of a question about the helpfulness of various programs commonly offered to first-time homebuyers. Respondents rated each service or program on a 6-point scale where 0 was “no help at all” and 5 was “help a lot.”

Respondents responded favorably across all categories, rating most items as at least moderately helpful. The two financial assistance items — down payment assistance and low-cost loans — were rated as being more helpful than the two informational items — education and counseling.

**Figure 4-2. “How much would each of these help you to buy a home?”**  
(5 = Help a lot)



Source: San Francisco Potential Homebuyer Survey, 2008, n=943.

### Focus Group Results

Responses from focus group participants generally aligned with the survey findings. Some participants mentioned that they would start the homebuying process by contacting a nonprofit. One renter commented, “I would start with programs like this.” Another explained, “Nonprofits give you information about the system...information and education, like what steps you need to take in order to have your own house.” Another renter noted, “Special loans for first-time homebuyers are great, great, great...I just wish there were more homes out there. The programs are great but then it’s so competitive to try to get a home.”

In contrast to the trust respondents placed in nonprofit organizations, industry professionals were viewed with distrust. One woman described her reasons for not trusting lenders: “I just don’t think they really have my best interest at heart. I think they’re still salesmen.” She continued, “For such a big investment, for a loan, I don’t think they have my best interest. I don’t think they’ll really tell me no you shouldn’t get

it, they'll be like, oh no, yeah, just sign on the dotted line." Another renter commented "it just induces my fears about leaping because I can't do it alone and I don't know anyone to trust...It makes me just scared to do it." One renter explained things more bluntly: "I just don't trust banks."

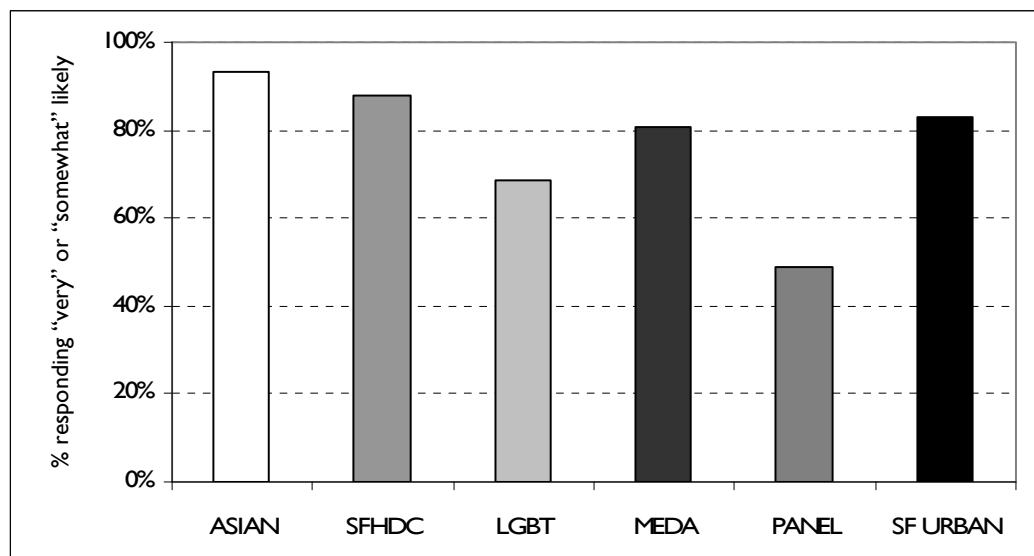
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## 5. Role of Homeownership Education and Counseling

As renters hear and read about borrowers losing their homes to foreclosure, it would not be surprising if they took extra precautions as they considered buying a home. One form of precaution is to obtain objective third-party information and/or advice about how much home a buyer can afford, what type of home to buy, how to finance it, and how to sustain a home over time. Nonprofit organizations have provided this type of prepurchase information for decades, including regular workshops and classroom-based education targeted to renters seeking to become owners.

Figure 5–I displays the results of a question designed to gauge the likelihood that a renter would seek out a homeownership education class prior to buying a home. Respondents could answer along a 4-point scale, ranging from “very likely” to “very unlikely.” When responses are combined into two categories, likely or unlikely, more than four out of five respondents working with ASIAN, SFHDC, MEDA and SF URBAN suggested they would be likely to take a class. Two-thirds of respondents from LGBT and just under half of the clients from the PANEL reported being likely to take a class. The positive responses from clients of local nonprofit homeownership service providers indicate these clients’ general support for and positive opinion of the agencies with which they have worked. Responses for LGBT and the PANEL were surprisingly strong, given these clients were not active in an organization that delivers homeownership services.

**Figure 5–I. “Before you start looking for a home, how likely is it that you would try and take a class on how to buy a home?”**

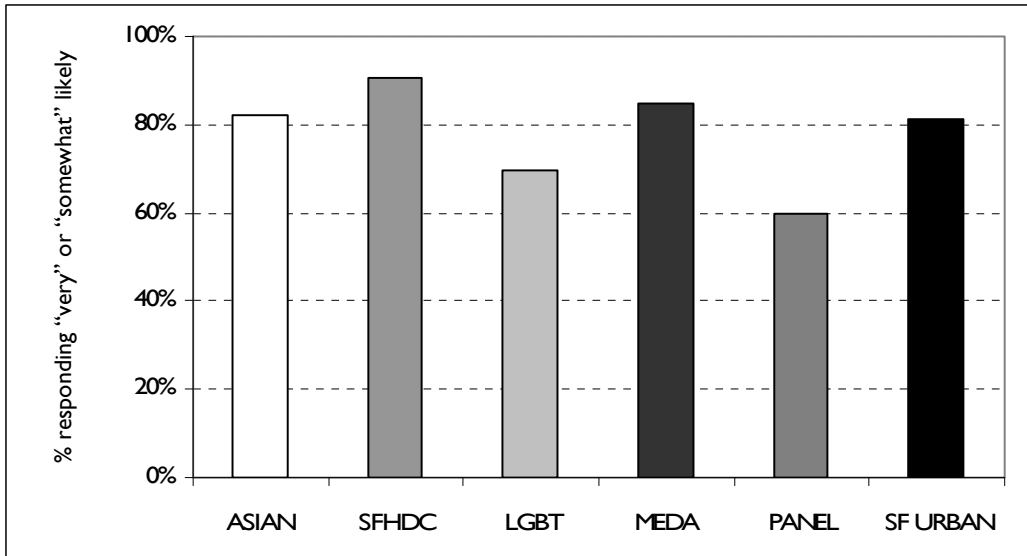


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.



Figure 5–2 presents the results of a similar question, only instead of a class, the question inquires about consulting a homeownership counselor. Results are very similar to Figure 5–1. In general, renters viewed counseling more favorably than a workshop or class, although both were viewed very positively. Some renters clearly favored one mode or another.

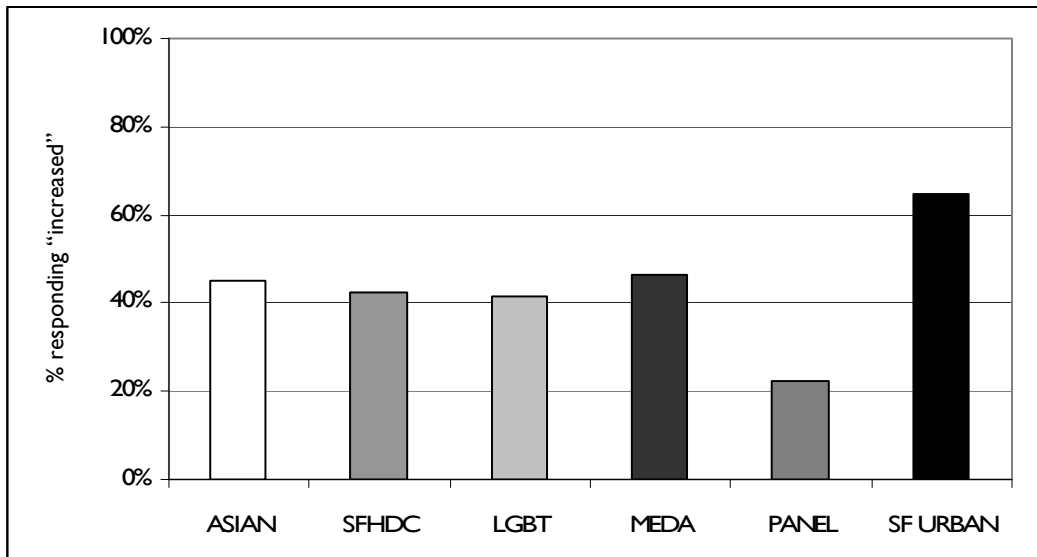
**Figure 5–2. “How likely would you be to consult a housing counselor before buying a home?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Figure 5–3 illustrates respondents’ increased interest in either taking a class or obtaining counseling. The figure shows the share of renters whose interest has increased in the last year, as compared to those who say their interest is the same or has decreased. About 20 percent of the PANEL said their interest has increased, compared to more than 40 percent of renters from ASIAN, SFHDC, LGBT and MEDA, and two-thirds of SF URBAN clients.

**Figure 5–3. “Compared to a year ago, would you say your interest in taking a workshop or getting counseling before buying a home has increased?”**  
 (% increased vs. stayed the same or decreased)



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Another consideration is whether or not renters are willing to pay for homebuyer education or counseling. The results further reveal the intensity of interest in receiving services prior to buying a home. The majority of respondents were willing to pay for such services, typically \$30 to \$40, as shown in Figure 5–4. Among clients willing to pay at all, the average amount renters would be willing to pay was approximately \$40 to \$50. The responses varied by site; ASIAN clients were least likely to be willing to pay, and limited their payments to smaller amounts.

**Figure 5–4. “How much would you be willing to pay for homebuyer classes and/or counseling?”**

	Willing to pay — all	Willing to pay — if > \$0	% willing to pay at all
ASIAN	\$11	\$24	42%
SFHDC	\$25	\$44	56%
LGBT	\$42	\$53	73%
MEDA	\$28	\$37	70%
PANEL	\$33	\$46	54%
SF URBAN	\$30	\$39	74%

## **Focus Group Results**

Focus group participants reiterated many of the points made in the survey. One renter reflected, “I never really thought about all this before...Wanting to buy a home’s so much more involved than just saying I want to be a homeowner.” Another explained, “I think [homeownership education] is like one of those things that most homeowners should go through, like some kind of course that’s like marriage counseling or whatever before you marry, just because it explains a lot of the basic things that people don’t know.”

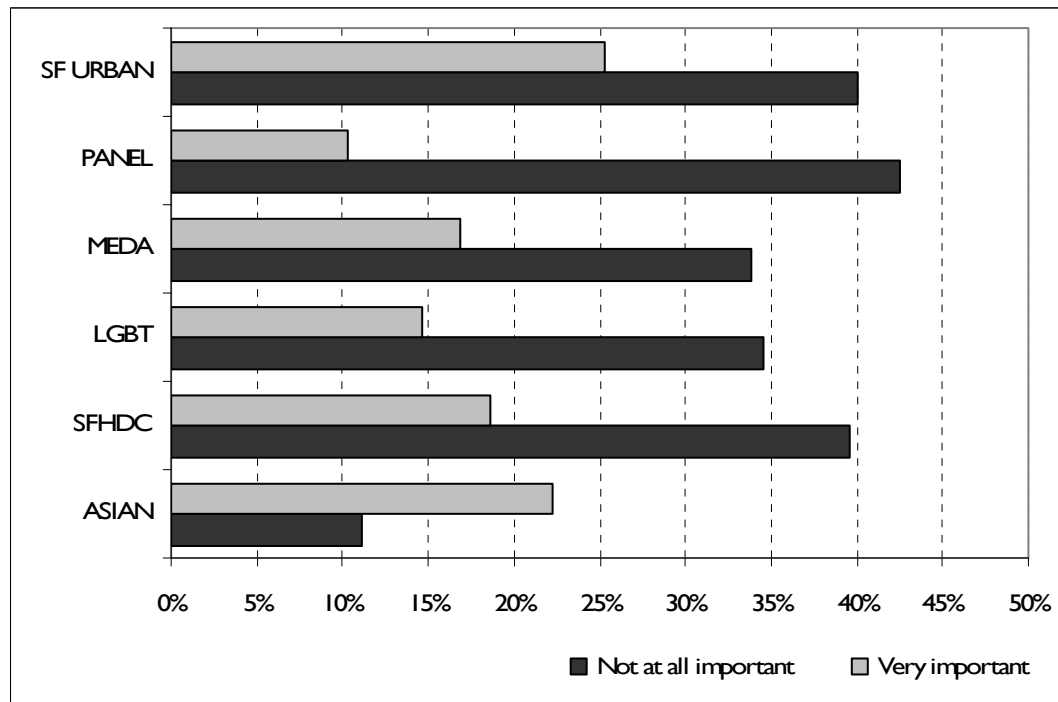
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## 6. Neighborhoods and Homes Desired

Based on the prior data it seems there is some demand for homeownership among renters in the Bay Area, and San Francisco in particular. Moreover, the renters responding to this survey expressed interest in homeownership education or counseling. Another issue to consider is the location and type of homes desired by these renters if they do enter the housing market. We should expect very different responses based on the sources of the data, and whether or not the renter currently lives in the city of San Francisco or the surrounding region.

Figure 6–1 illustrates that most respondents are not narrowly focused on buying a home in their current neighborhood. Clients of ASIAN are more likely to report wanting to stay in their current neighborhood than other groups, but not significantly so.

**Figure 6–1. “If you were to buy a home, how important is it to you to buy in your current neighborhood?”**

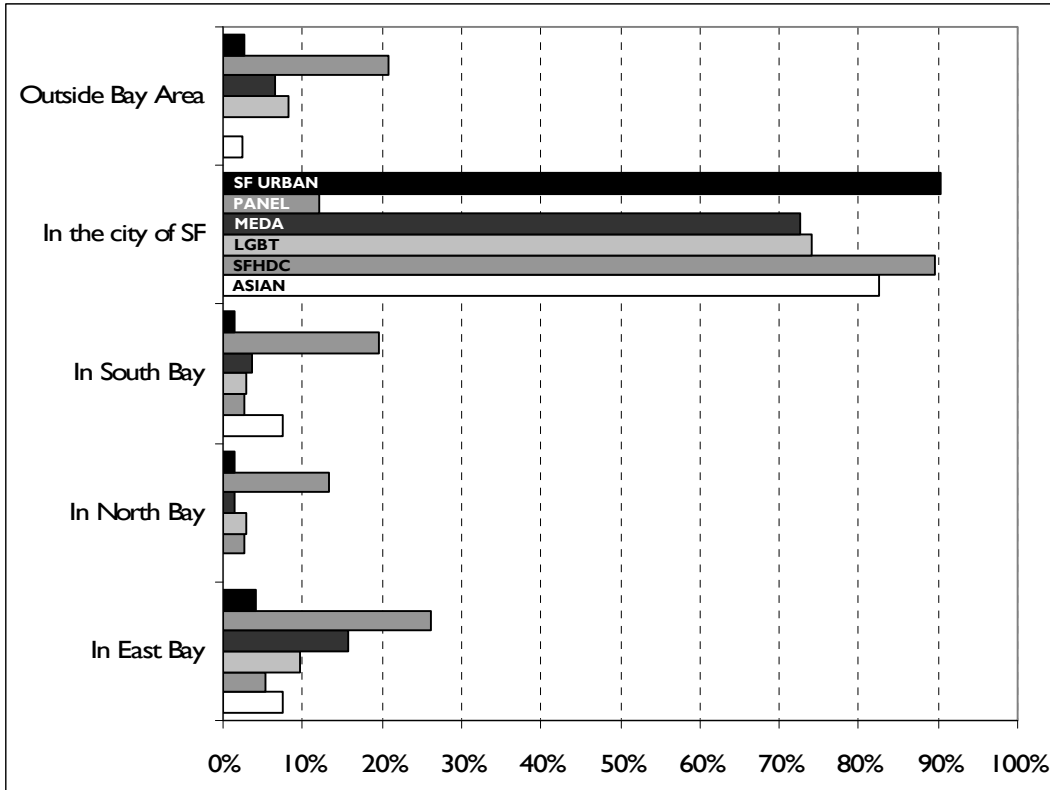


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

However, Figure 6–2 shows there is a strong preference for renters to buy a home in the city of San Francisco. Only 13 percent of renters from the PANEL responded that the city was their most likely location, compared to 70 percent to 90 percent of the agency-based respondents. Clients from MEDA were among the least likely of the agency-based respondents to indicate buying in the city was a goal; more than 15

percent indicated the East Bay as a likely location. Responses for renters in the PANEL were distributed fairly equally across the region, with the city being the least likely location.

**Figure 6–2. “If you were to buy a home, where would you most like to buy?”**

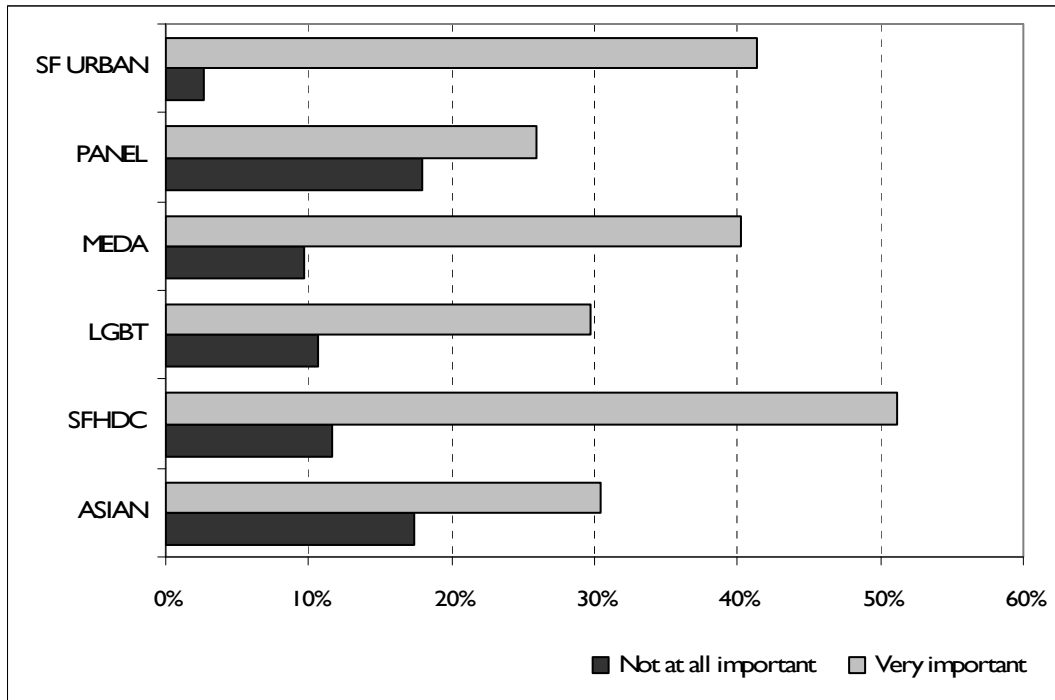


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Current neighborhood appears to be a weak predictor of where a renter wants to buy a home; proximity to work may be a stronger factor. Figure 6–3 indicates the percentages of respondents who indicated buying a home close to work was “very important” and “not important at all.”

Less than 18 percent of respondents from any source indicated buying a home close to work was not at all a priority. Meanwhile, 25 percent of the renters in the PANEL responded that buying a home close to work was very important, compared to 30 percent of ASIAN and LGBT, 40 percent of MEDA and SFHDC and 50 percent of renters from SFHDC.

**Figure 6–3. “If you were to buy a home, how important is it to you to buy a home close to work?”**

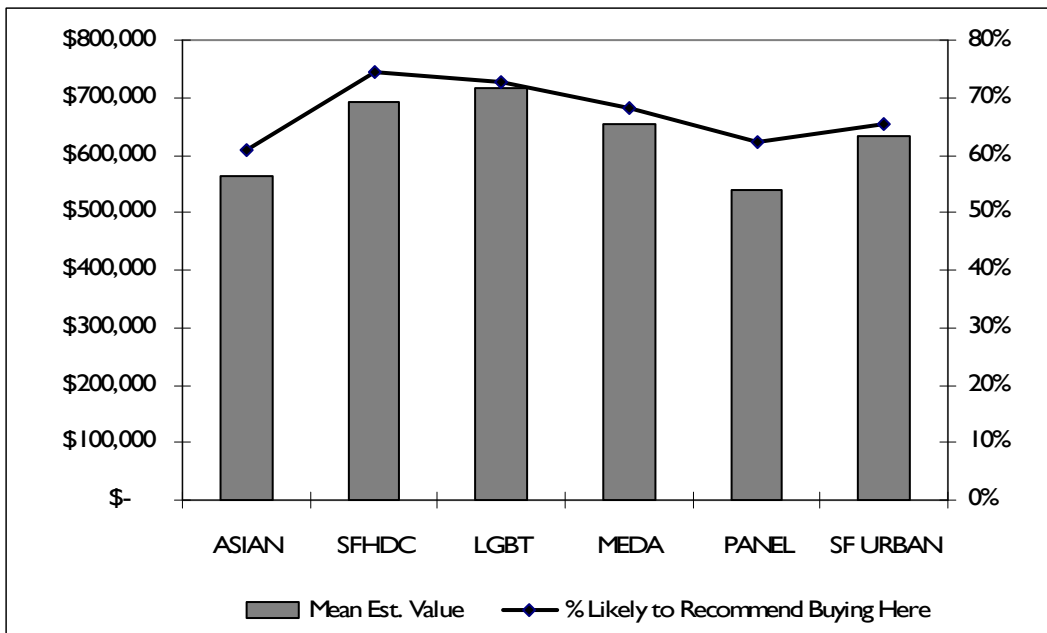


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Bay Area home values are among the highest in the region. The renters in this survey were asked to estimate the typical home value for homes in their neighborhood, and whether or not they were likely to recommend buying a home in the neighborhood to a friend.

Figure 6–4 shows the average estimated home value in the respondent’s neighborhood by agency on the left axis and the likelihood of buying a home by agency on the right. The variation across sites in home values reflects differences in location and economic conditions. More noteworthy is the relationship between recommending buying a home and home values: the higher the estimated values in the neighborhoods of renters from a given agency, the more likely respondents are to recommend buying a home. Significantly, the majority of respondents would recommend buying a home in their existing neighborhoods, even though most say it is not important for them to buy a home there, as shown in Figure 6–1.

**Figure 6–4. “How much do you think the typical home in your current neighborhood is worth today?” and “If you were asked by a friend today, how likely would you be to recommend buying a home in your current neighborhood?”**



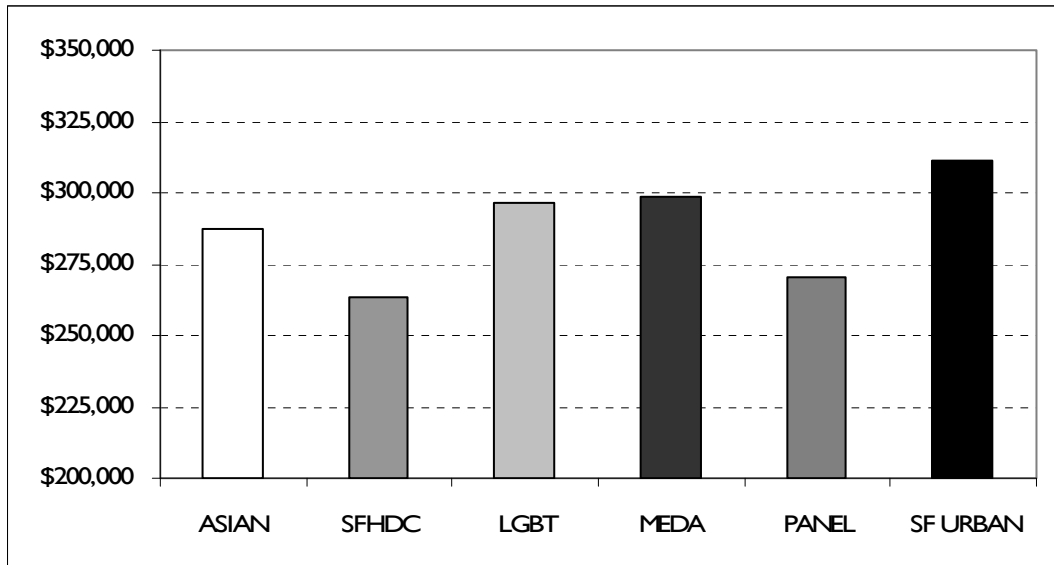
Source: San Francisco Potential Homebuyer Survey, 2008, n=943.

Comparing the estimated home values in the neighborhoods where respondents reside, Figure 6–5 shows the typical value of the homes renters would be looking for is less than half of the current value for existing home sales in the region (\$472,900)<sup>4</sup> and less than one-third of the current value for existing home sales in San Francisco (\$689,000).<sup>5</sup> The values sought by SFHDC and the PANEL respondents were among the lowest, at \$260,000 to \$270,000. ASIAN, LGBT and MEDA all had average values of just under \$300,000 for prospective first-time buyers; the average for SF URBAN was just over \$310,000. This illustrates the affordability mismatch that renters face when looking for a home. There may not be even a small condominium in their price range in the neighborhoods where renters reside — unless there are below-market-rate units being developed there.

<sup>4</sup> San Francisco-Oakland-Fremont at \$472,900 2nd Quarter 2009. NATIONAL ASSOCIATION OF REALTORS®. [www.realtor.org/research/research/metropri](http://www.realtor.org/research/research/metropri)

<sup>5</sup> San Francisco County at \$689,024 in June 2009. “County Median Prices for Existing Single Family Homes.” CALIFORNIA ASSOCIATION OF REALTORS®. [www.car.org/economics/marketdata/housingdata](http://www.car.org/economics/marketdata/housingdata)

**Figure 6–5. “If you were to look for a home to buy today, in what price range would you be looking?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

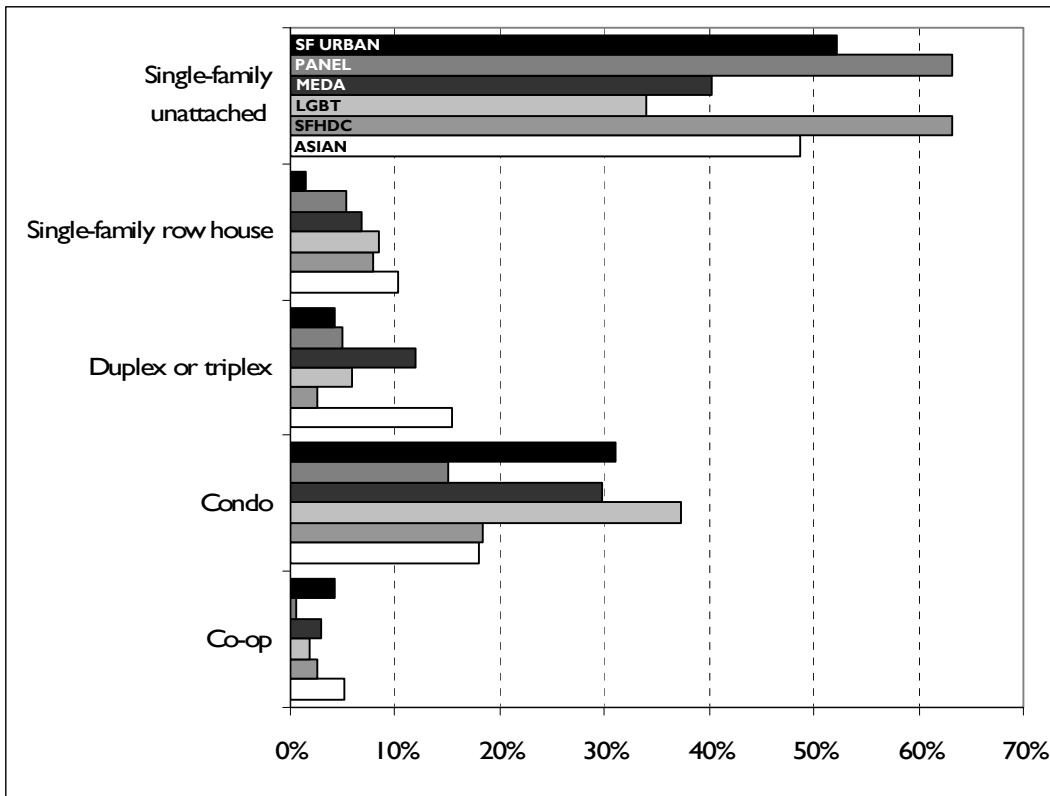
Despite this clear discrepancy between typical neighborhood values and the price range renters are likely to consider, the renters in this survey showed a strong preference for single-family unattached properties, compared to condominiums or cooperatives, or even single-family attached homes or properties with rental units. In the city of San Francisco only about one in three housing units — the most expensive units — match the description of single-family unattached properties.<sup>6</sup>

Figure 6–6 shows survey responses for each type of property. Renters in the PANEL and SFHDC were the most likely to prefer single-family homes, with over 60 percent indicating a preference for this type of home. Respondents from LGBT and MEDA were among the least likely to opt for single-family homes (though between 33 and 40 percent still chose them), with these renters more likely than others to prefer condominiums. SF URBAN clients also preferred condos at a higher rate than other groups, and ASIAN and MEDA clients showed more interest in a duplex or triplex than clients from other agencies.

<sup>6</sup> San Francisco City, Selected Housing Characteristics: 2005-2007 American Community Survey 3-Year Estimates.



**Figure 6–6. “If you were to buy a home, what type of home would you most like to buy?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

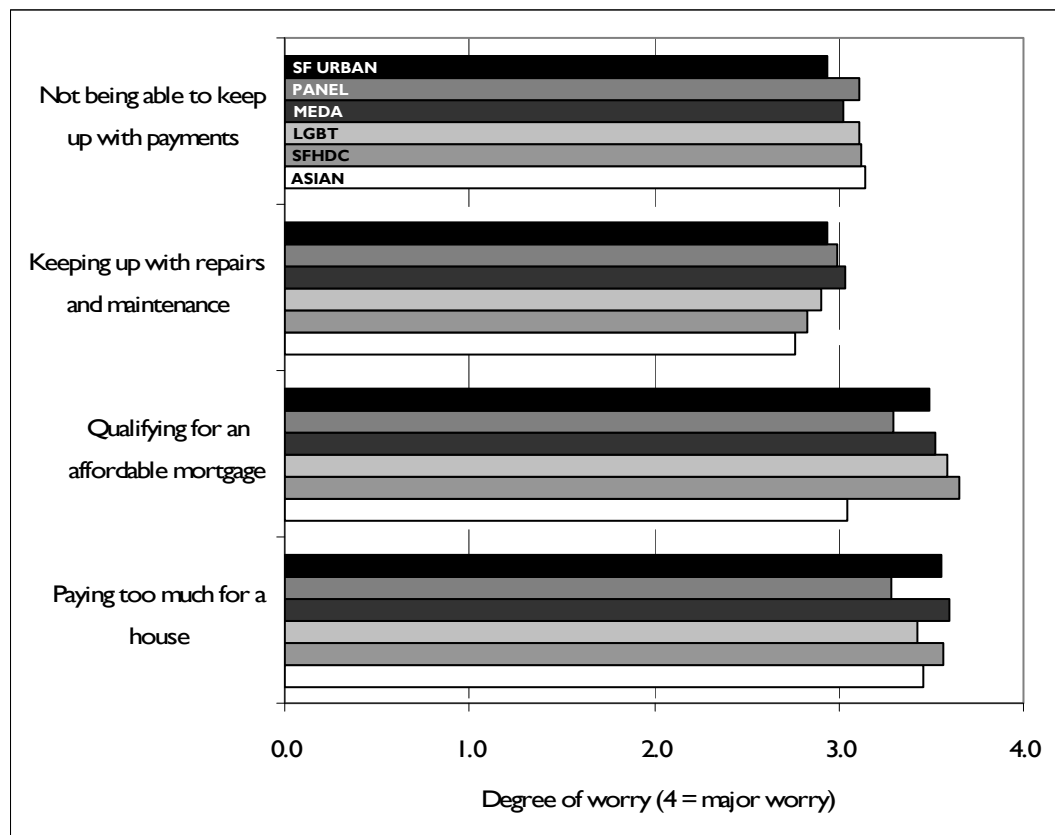
### Results from Focus Groups

Focus group results confirmed these findings. For example, one female African American renter commented “[I want to buy] in the city because that’s where I want to be, but my concern would be I might pay too much to live in San Francisco.” Another renter responded, “I don’t see how I could afford a house in San Francisco.” Finally, one more renter in the focus group said “I wish I could take a suburban home and put it dead in the middle of the city and then it would have what I would like it to have.”

## 7. Views on the Costs and Benefits of Owning a Home

Given recent news reports, it might be expected that renters would experience many worries upon entering the housing market. Figure 7–1 presents information on four major concerns related to owning a home. For each concern, respondents rated its importance from 0 (not a concern) to 4 (major worry). Given dropping home values, overpaying is a major concern. Qualifying for a loan is also a major worry. Lesser worries include repairs and maintenance, as well as not keeping up with payments. For all sites, respondents were seriously worried about all four issues.

**Figure 7–1. “How much do you worry about each of the following issues related to owning a home?”**

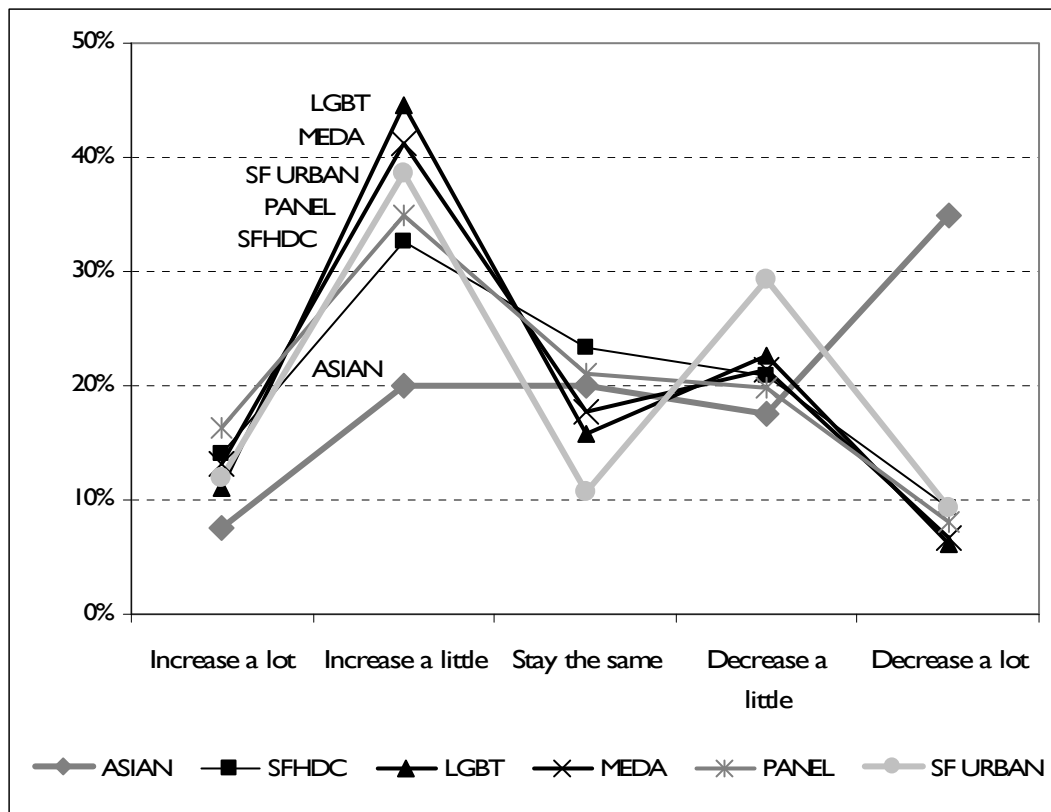


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

A common concern raised by the media is that homebuyers will lose money on their recent home purchases because home values have dropped. According to the Case-Schiller Index for the San Francisco Metropolitan Statistical Area (MSA), home values

dropped by 31 percent between January 2007 and January 2009.<sup>7</sup> Given this context, first-time buyers entering the market might feel anxious about home values continuing to slide; however, they might feel encouraged because home values are now relatively more affordable than in previous years. In order to gauge expectations about future home values, the survey asked each group of renters if they expect home values to “stay the same” or to increase or decrease “a lot” or “a little.” Figure 7–2 shows the distribution of responses for each group of renters surveyed, with mixed results. For most groups, the majority of renters expected home values to remain the same or increase over the next three years. The clients from ASIAN were an exception; they were more likely to be pessimistic about the future of home values. No more than 15 percent of renters from any group expected home values to increase a lot, although as many as 45 percent of renters from LGBT predicted that values would increase at least a little. Renters from SF URBAN were more likely than other groups to anticipate prices decreasing a little. The consensus of renters from the PANEL was similar to that of the agency-based sample.

**Figure 7–2. “How do you expect the value of homes in the Bay Area to change in the next 3 years?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

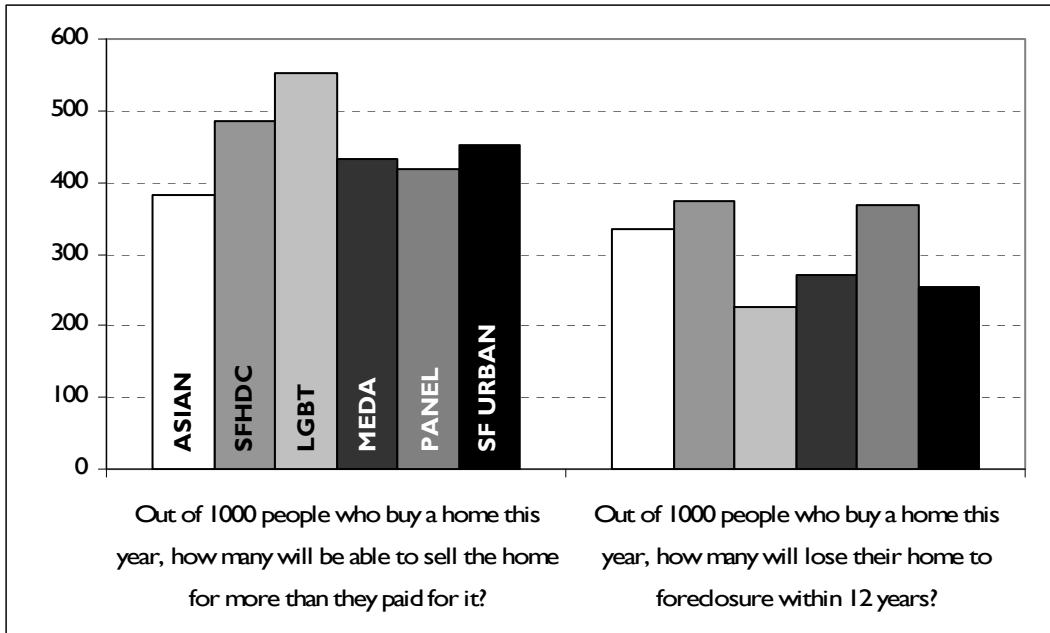
<sup>7</sup> [www2.standardandpoors.com/spf/pdf/index](http://www2.standardandpoors.com/spf/pdf/index)

While this question provides a sense of how renters perceived Bay Area home values in general, and suggests a positive overall outlook, it does not necessarily summarize their views on the risks of buying a home today. There is a vast literature in psychology and economics about the ways in which people view risk. Subjective risk perceptions are commonly studied in terms of health and safety risks, or the risk of being in a natural disaster. However, potential homebuyers may consider the risks of buying a home in similar ways — how likely or unlikely is it that my home will drop in value, and I will lose money in a resale? How likely is it that I will not be able to make payments and will lose my home to foreclosure? While the survey did not measure how much renters in this sample contemplated these outcomes in their own choice of whether or not to consider homeownership, it did ask them to estimate how many people out of 1,000 who buy a home this year will lose that home to foreclosure or sell the home at a loss.

Figure 7–3 displays the results as the average estimated number out of 1,000 for each group of renters. Renters from ASIAN, for example, estimated that just fewer than 400 out of 1,000 people who buy a home this year would gain money at resale, and just over 300 out of 1,000 would lose their home to a foreclosure. This implies that these renters expect about 30 percent of buyers to lose their home, and about 60 percent to lose money on their home as an investment. In general, past studies of subjective risk perceptions show people tend to overestimate risks. Indeed, 30 percent of buyers losing a home might be considered a relatively high rate. However, the relative risks of each outcome and the differences between estimated risks for the agency-based samples are useful for comparison.

Returning to Figure 7–3, clients from ASIAN once again appear more pessimistic, at least in terms of re-selling the home at a financial gain. Optimism for gaining money upon resale was highest among clients from SFHDC and LGBT, although other agency-based samples had similar results regarding selling a home for more than the purchase price. The perceived risks of foreclosure were highest for SFHDC and PANEL respondents. Renters from ASIAN were also more likely to see foreclosure as a likely outcome, while MEDA and LGBT renters were among the least likely to predict that this year’s buyers would lose a home to foreclosure.

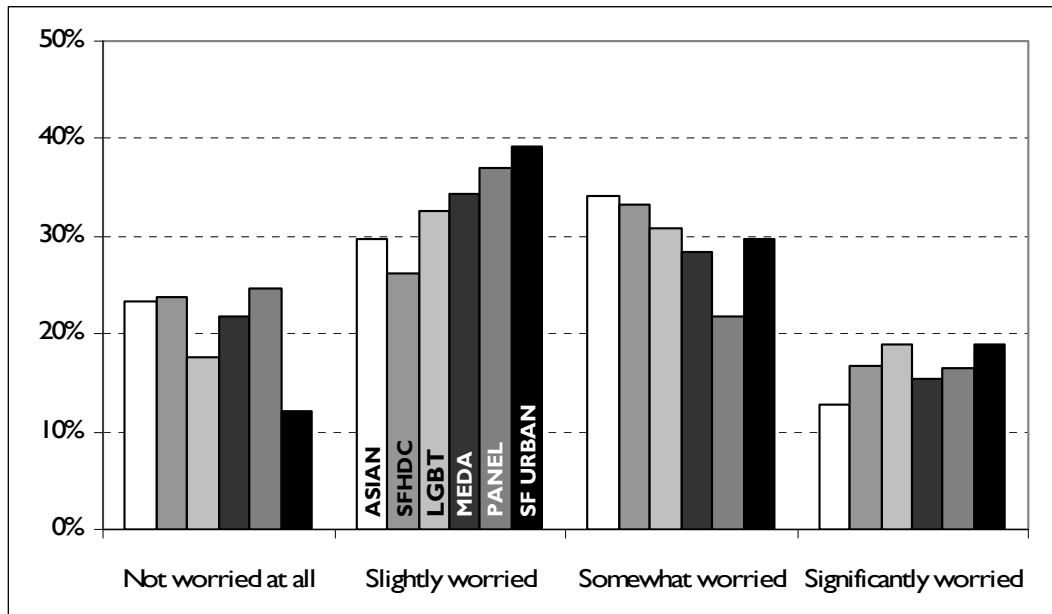
**Figure 7–3. Self-Reported Subjective Probabilities of Good or Bad Outcomes for Homeowners (in general)**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Another way to gauge the impact of the housing crisis on potential homebuyers is to address, not its impact on the housing market or today’s homebuyers, but rather on the renters themselves. Figure 7–4 displays how worried renters from each group were that the current housing crisis would affect them personally (the survey was conducted in the fall of 2008, when the housing crisis was in the news daily). Less than one quarter of renters said they were not worried at all, with the majority feeling slightly or somewhat worried. Less than 20 percent were significantly worried. Differences between sites were generally not statistically significant.

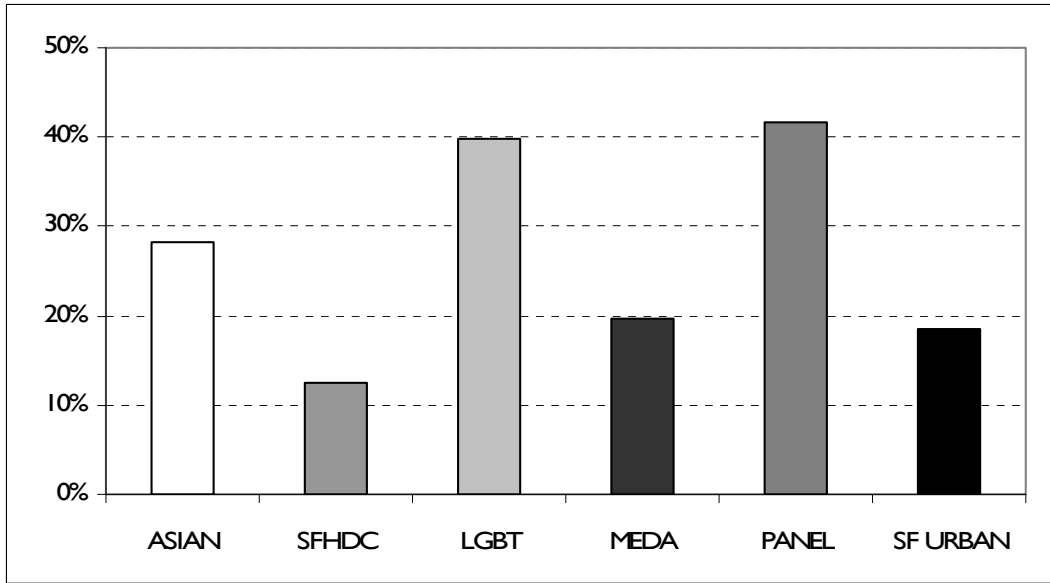
**Figure 7–4. “How worried are you that problems in the housing market might affect you personally?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Another relevant factor for first-time homebuyers is their perception of whether or not they will be able to obtain financing to purchase a home. Compared to 2005–2006, since 2008 lenders have employed stricter lending standards, and fewer borrowers than before are able to qualify for a loan (Federal Reserve Beige Book, March 2009). The survey asked each sample of renters about their perceptions of how easy or hard it would be for them to qualify for a home mortgage. Figure 7–5 displays the results by agency; the possible responses were that qualifying for or obtaining a loan would be “very hard,” “somewhat hard,” “somewhat easy” or “very easy.” The results varied significantly by sample, with renters in the PANEL and LGBT being mostly likely to view obtaining a loan as very hard; over 40 percent of renters in these samples suggested getting a loan would be difficult. About 30 percent of ASIAN clients suggested the same, compared to less than 20 percent of clients at MEDA and SF URBAN, and less than 15 percent of clients at SFHDC. It should be noted that the latter four agencies (ASIAN, MEDA, SF URBAN and SFHDC) offer targeted programs to prepare and match potential homebuyers to loan programs; therefore, much of this difference may be inherent in the design.

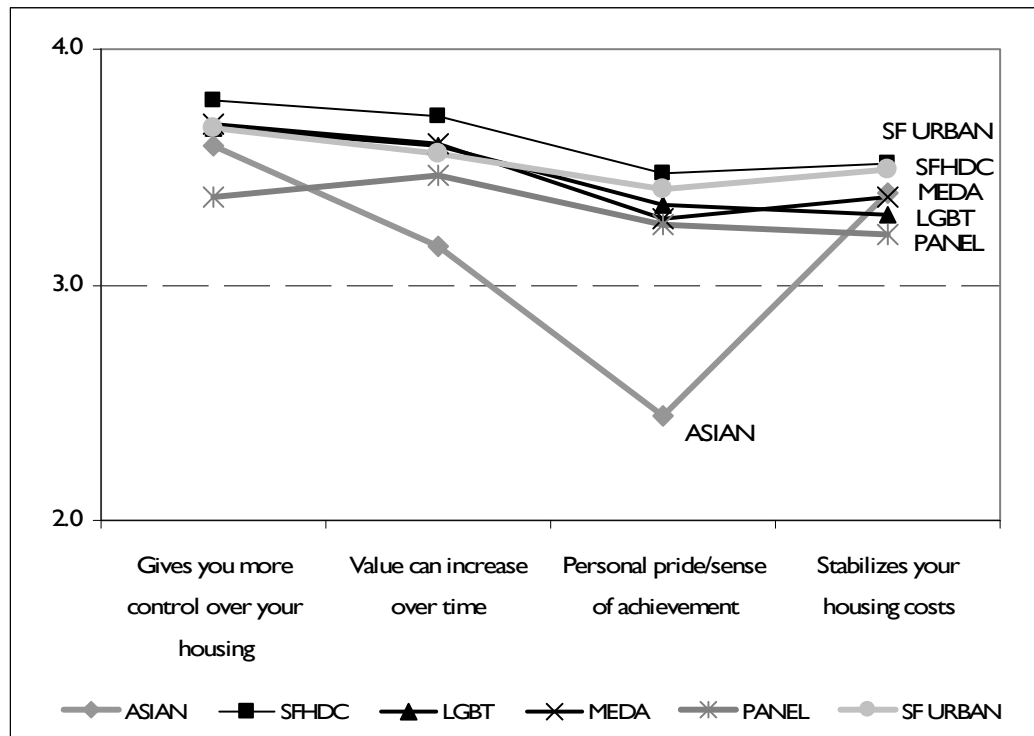
**Figure 7-5. “How hard or easy do you think it would be for you to qualify for a mortgage?” (% responding “very hard”)**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Finally, Figure 7-6 summarizes renter responses to questions about four potential benefits of buying a home; an answer of 4 referred to a “large benefit” and 0 referred to “no benefit at all.” In general, respondents valued all four benefits very highly. With the exception of renters from ASIAN, respondents were consistently positive about all of the potential benefits listed: a sense of control, value increases, personal pride and stabilized housing costs.

**Figure 7–6. “How much do you consider each of the following issues to be a benefit of owning a home?” (4 = large benefit)**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

### Focus Group Results

Renters who participated in focus groups expressed various anxieties first-time buyers may feel in the current environment. For example, one respondent noted, “I am nervous about the recent news about foreclosure and subprime because we all know someone close who had lost their home or is suffering under ARM (adjustable-rate mortgage) loans and nearing the loss of their home. I realize that one small error, such as not reading a clause carefully, can cost me everything.” For another renter these attitudes influenced opinions about financial institutions: “I would be nervous because I don’t really like [banks]... I don’t feel comfortable with banks.” Another added, “I don’t feel comfortable just going to the bank not knowing anybody in there. I feel like I’m going to get screwed.”



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## 8. Reported Knowledge of Homeownership Topics

Renters may feel more or less positive about buying a home due to the extent of their knowledge of the homebuying process. Buying a home is a complicated process that includes finding a physical space that suits family needs, making an offer, shopping for and qualifying for a mortgage, and navigating the closing process. The city of San Francisco has a number of programs and services available to help renters consider homeownership options; however, renters may or may not be aware of these programs.

Figure 8–1 presents respondents' self-reported levels of understanding about three topics: how to buy a home, mortgage interest rates and affordable housing programs. For these questions, the responses by the PANEL provide an effective comparison group because these renters were not recruited based on a connection to an affordable homeownership program. The LGBT group also provides a valuable comparison, because these renters are associated with an agency that does not currently offer homeownership services. Together, the PANEL and LGBT respondents are likely to illustrate levels of understanding or knowledge typical of individuals with no connection to homeownership education program. Focusing on these two groups, the area of lowest self-reported understanding was affordable homeownership programs. Mortgage rates and fees were also not well understood, garnering less than two out of four on the perceived knowledge scale. Shopping for a home was better understood, but was rated at only two out of four on the perceived knowledge scale. Even among agency-based sample respondents, ratings were lower than might be expected and highlight opportunities for further education.

**Figure 8–1. “How much do you know about the following topics?”**  
 (0 = none; 4 = a lot)

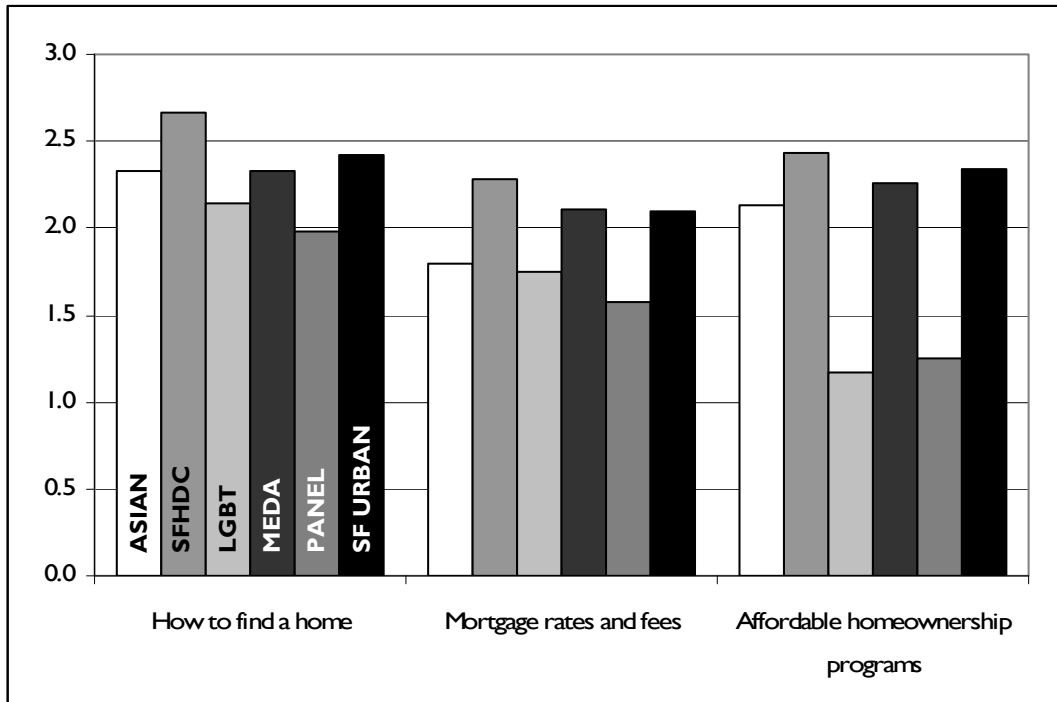
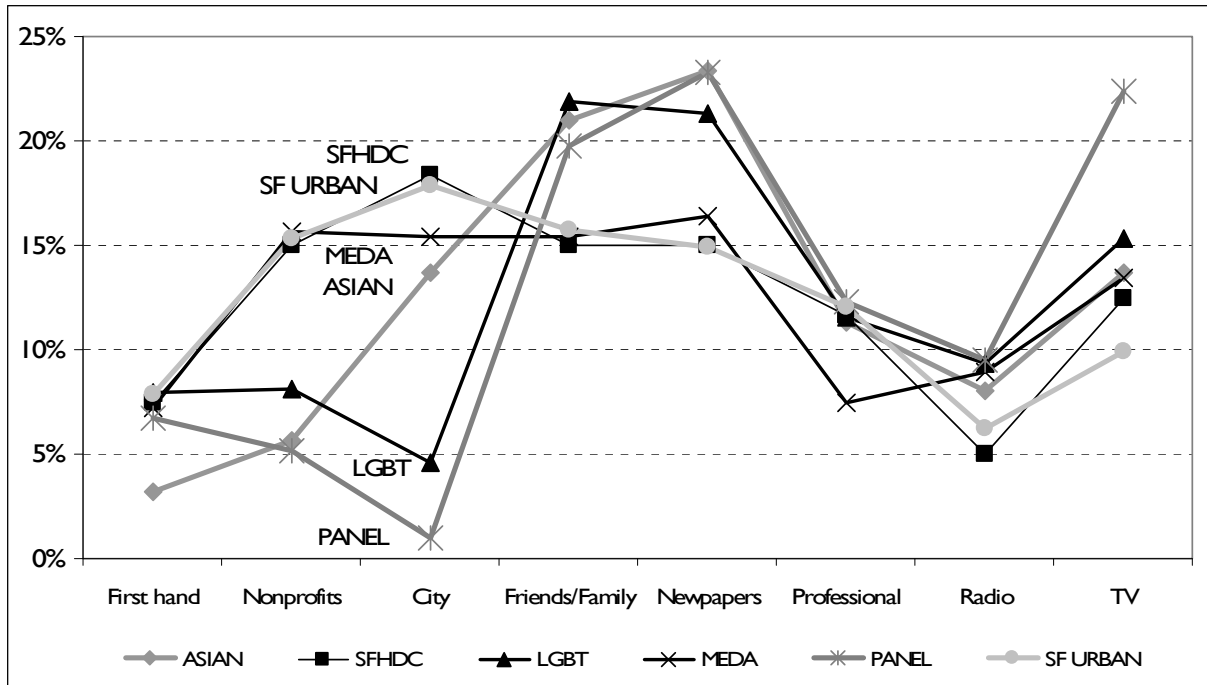


Figure 8–2 displays the results of a question designed to determine how consumers in the Bay Area learn about housing issues. In general, friends and family along with newspapers were indicated frequently, although there was significant variation across samples. Consumers did not frequently cite radio as a source. TV was frequently cited as a source by PANEL respondents, but not respondents in other samples. The city and local nonprofits were reported less often. First-hand knowledge and financial professionals were also reported infrequently.

**Figure 8-2. “Where do you learn about issues related to the San Francisco–area housing market?”**



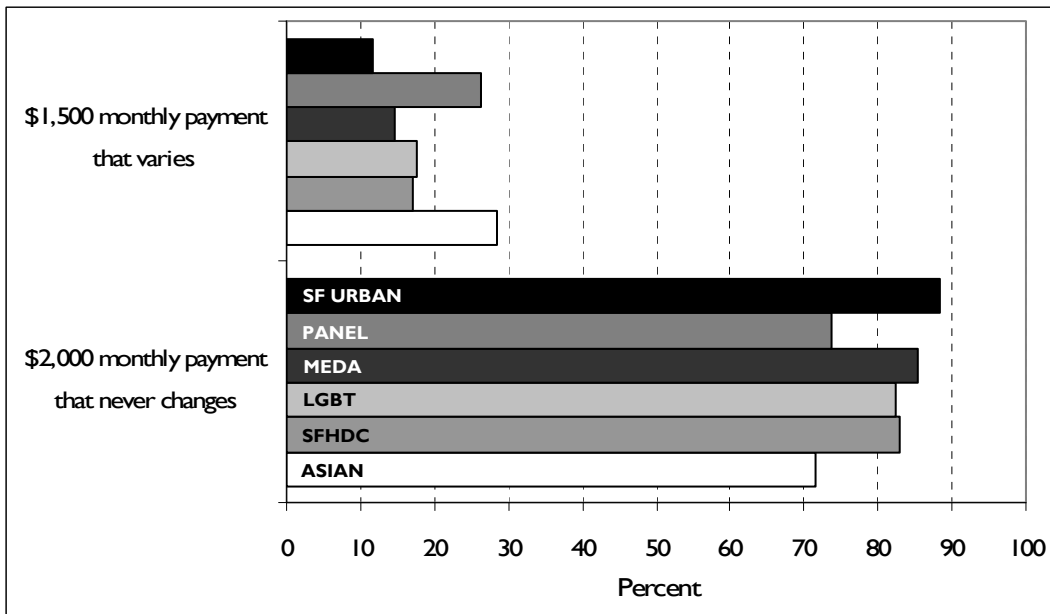
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## 9. Trade-offs Potential First-time Buyers Are Willing To Make

One of the goals of this research was to better understand how renters in the Bay Area will decide whether or not to buy a home and what factors play a role in their decisions. One technique to solicit preferences is to ask questions designed to force a choice between two options. The answers to such questions provide a snapshot of the central tendency of respondents to prefer certain factors in their decisions. A series of five trade-off questions were asked about various affordable homeownership options.

Figure 9–1 presents information on one of the choices presented. Respondents were asked to pick between a fixed monthly payment of \$2,000 and a \$1,500 payment that varies month to month. This is designed to assess how willing consumers are to accept the risk of variable payments in order to gain the potential for lower payments, at least in the starting periods. This is similar to the choice many mortgage borrowers made in recent years by selecting an “option ARM,” an adjustable-rate mortgage with lower payments in the short run and the potential for higher (or lower) payments in the future. Perhaps because of the recent media focus on adjustable-rate mortgages, most respondents preferred the fixed payment option to a \$500 (25 percent) lower payment. This was true across samples, although respondents from the PANEL and ASIAN were slightly more likely to prefer the variable payment option. Even in these groups, more than two out of three respondents preferred the fixed payment.

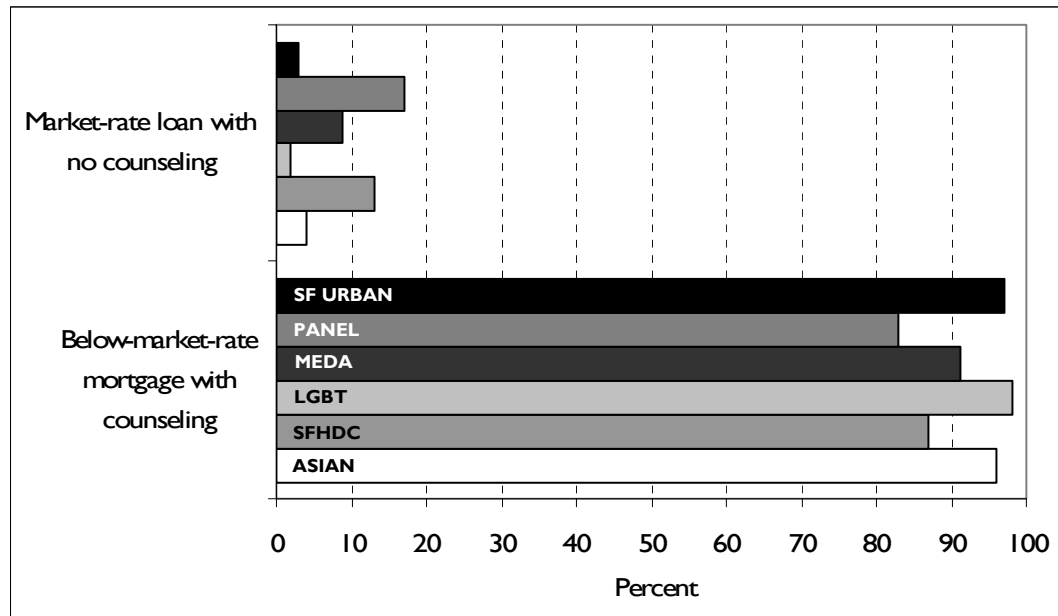
**Figure 9–1. “Which mortgage payment do you prefer: a \$2,000 monthly payment that never changes vs. \$1,500 monthly payment that varies every month?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Another key question is whether potential homebuyers are willing to accept a requirement to obtain homeownership education or counseling in order to be eligible for a lower interest rate loan. More than four out of five respondents from each sample reported they would prefer a lower rate mortgage (1.5 percentage points below the market rate), even if it required eight hours of homeownership education, compared to a loan with a market rate and no such requirement. The benefits of the lower rate seem to outweigh the value of other activities the potential homebuyer could do in eight hours.

**Figure 9–2. “Would you prefer a mortgage with an interest rate 1.5 percentage points below the market rate, but where 8 hours of homebuyer counseling/workshops was required, or a loan with no counseling/workshops required and a standard interest rate?”**

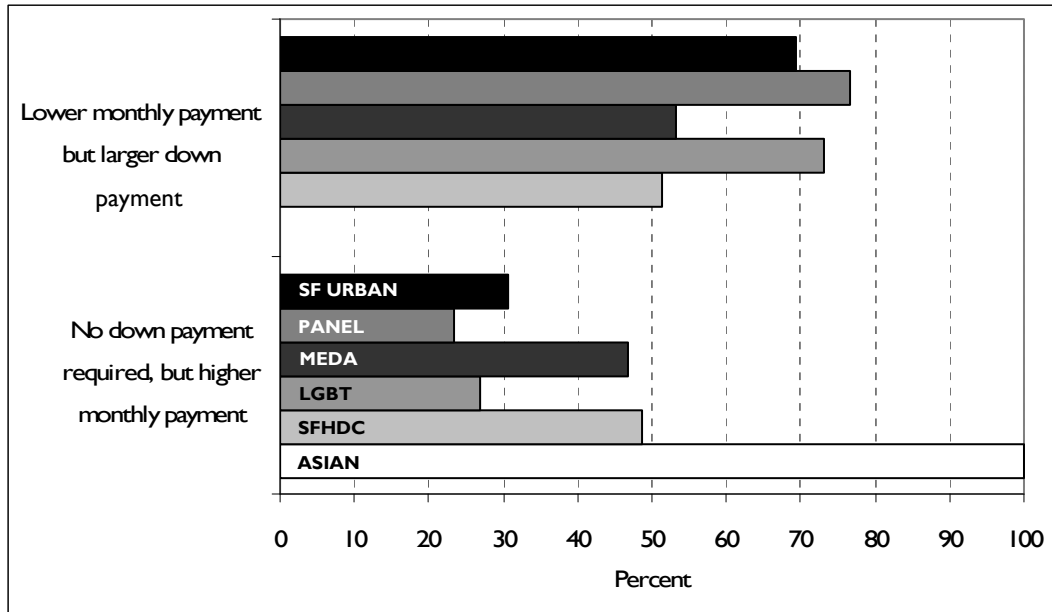


Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

Another trade-off presented to respondents was a home purchase loan with no down payment and a \$400 higher monthly payment versus a loan with a \$15,000 down payment and a \$400 lower monthly payment. While zero down payment loans are generally no longer available, this question provides a sense of how consumers view spending a larger portion of current assets and less current income.

The results are mixed, as indicated in Figure 9–3. Clients from the ASIAN sample were dramatically biased toward no down payment and higher monthly payments — no respondents selected the larger down payment option. The PANEL, LGBT and SF URBAN respondents generally preferred larger down payments in exchange for a \$400 lower monthly payment. Respondents from MEDA and SFHDC show a slight, though not statistically significant, preference for the larger down payment/smaller monthly payment option. Based on these results, recent restrictions on low down payment lending may not be as constraining as perhaps assumed. Of course the difference between a \$0 and a \$15,000 down payment may not be viewed in the same way as the difference between a \$25,000 and a \$40,000 down payment.

**Figure 9–3. “Would you prefer a zero down payment but a \$400 higher monthly payment, or a \$15,000 down payment and a \$400 lower monthly payment?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

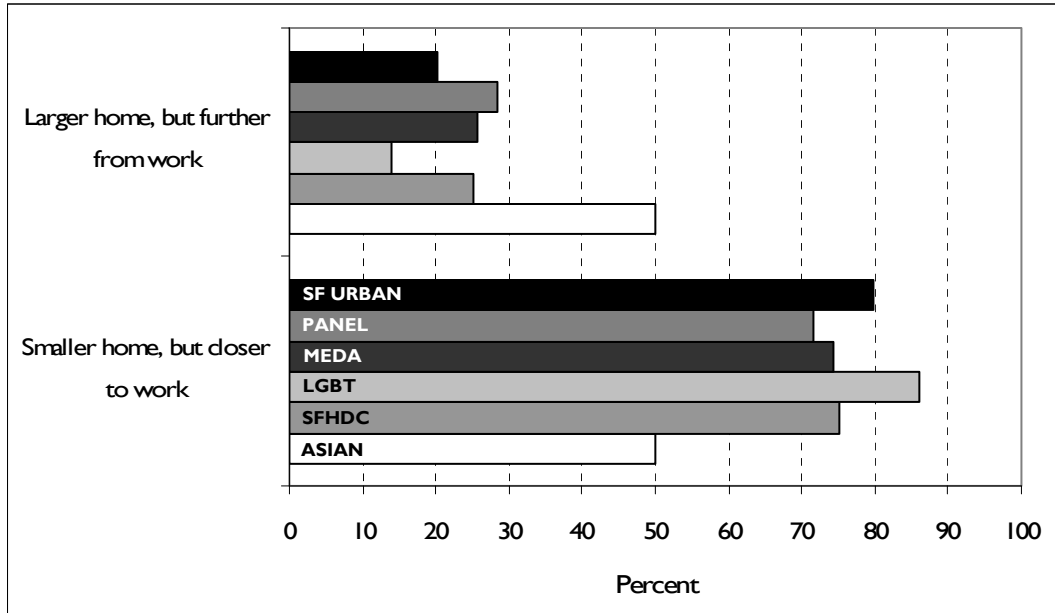
Another factor in consumer housing choice is the trade-off between buying a home closer to the urban core (and therefore work opportunities) and a lower purchase price. This question inquired about the trade-off between commute time and house size, specifically a larger home located 45 minutes from work and a smaller one less than 20 minutes from work. This presents a reasonably realistic choice between urban and suburban homes of the same price.

According to Figure 9–4, with the exception of clients from the ASIAN sample, respondents preferred a smaller home closer to work. While the respondents from ASIAN were split between the two choices, the other groups preferred a closer home by a four to one margin. Respondents from the LGBT sample expressed the strongest preference for a smaller home more proximate to work.

Another way to present trade-offs between housing choices and commute times is to compare a less than 20-minute commute to a 45-minute or longer commute accompanied by a \$200 lower monthly payment. Again, respondents from the ASIAN sample showed more extreme results, with a preference for a lower monthly payment — no respondents selected the larger payment with a shorter commute. The PANEL and SF URBAN respondents showed a slight preference for homes closer to work even at higher monthly payments. Respondents from LGBT were most strongly in favor of closer locations, even at higher payment levels. Respondents from MEDA and SFHDC

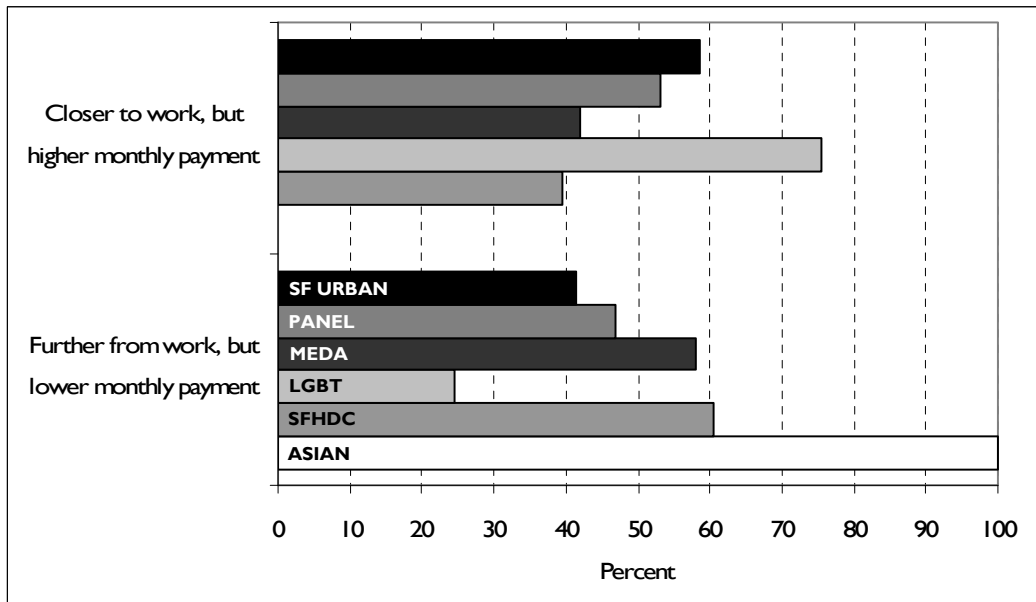
showed a slight preference for the lower payment housing choice with a longer commute. Overall, the results were mixed, as shown in Figures 9–4 and 9–5.

**Figure 9–4. “Would you prefer to buy a smaller home closer to work (under 20 minutes) or a larger home further away from work (more than 45 minutes)?”**



Source: San Francisco Potential Homebuyer Survey, 2008, n=1,042.

**Figure 9–5. “Would you prefer to be close to work (under 20 minutes) but pay a \$200 larger monthly payment, or be further from work (more than 45 minutes) and pay a \$200 lower monthly payment?”**





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## 10. Conclusion

Overall, these data provide a snapshot of potential homebuyers in San Francisco in late 2008. The data were collected during an extremely negative period for the local and national housing markets. Yet, a panel of area renters, as well as clients of San Francisco community-based organizations, remained generally optimistic about owning a home. A majority of respondents viewed owning a home as superior to renting one and expected to own a home within three years. Particularly for those renters already living or working in San Francisco, owning a home in San Francisco was important.

Importantly, many view homeownership education and counseling as an important step in the homebuying process, and are also willing to pay for such services. Over the past year, interest in education and counseling has increased for a variety of reasons, including the spike in foreclosures, the dip in housing values, the tightening of mortgage credit and waning trust in industry professionals. Based on survey responses, consumers are willing to take on mandatory education and counseling requirements in exchange for a lower interest rate on a mortgage.

Despite this optimism and the desire for education, buying a home presents challenges. Affordability remains a formidable barrier to purchasing a home in San Francisco. The renters in this study hoped to buy a home valued around \$300,000 — only half, or even one-third, of the value of the market-rate homes in the renters' current neighborhoods. These renters seemed to like their current neighborhoods and would recommend buying a home there, but at the same time recognized they would need to look elsewhere to purchase a house. Some see moving farther from work as an option, but others would accept a smaller home in order to be closer to work. Adding to the challenge facing these renters is their preference for single-family detached homes — one of the most expensive and elusive housing options in San Francisco. Condominiums, especially below-market-rate units, are a realistic second choice preference, however. While these renters maintained a positive view of many of the common benefits of owning a home, they were also pessimistic about the potential pitfalls, including losing a home to foreclosure or paying too much for the home and losing money on the investment.

These findings suggest a number of implications for local homeownership service providers and policymakers. First, demand for homeownership remains strong. This suggests a promising future for the housing market and a continued demand for homeownership in San Francisco, despite the current crisis. Second, demand for homeownership education and counseling, as well as a willingness to pay for these services, will increase. Given this, the accessibility and quality of these services needs to be ensured. Finally, despite the recent decline in home values, affordability remains a

major concern. Creating small and affordable single-family homes located near employment should be prioritized in order to meet consumer demand. The availability of credit is another important factor, and loans that offer low-interest rates linked to education or counseling should be emphasized.

## Appendix 1: Summary of Results by Sample

1. What is your zip code?						
	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>2. Do you currently own, rent, or something else?</b>						
Own	0%	0%	0%	0%	0%	0%
Rent	90%	89%	98%	96%	88%	96%
Something else	10%	11%	2%	4%	12%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>3. How long have you lived in your home or apartment?</b>						
1 year or less	11%	16%	12%	4%	10%	14%
1-3 years	36%	24%	19%	15%	23%	31%
4-5 years	14%	13%	19%	36%	21%	21%
6-10 years	14%	17%	14%	26%	19%	13%
More than 10 years	24%	29%	36%	19%	26%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>4. About how much are you paying for rent each month?</b>						
Under \$500	13%	13%	7%	10%	16%	4%
\$501–750	14%	19%	12%	21%	12%	14%
\$751–1,000	22%	18%	30%	40%	12%	15%
\$1,001–1,500	33%	33%	40%	23%	31%	37%
\$1,501–2,000	14%	11%	5%	4%	26%	18%
\$2,001–2,500	4%	2%	5%	2%	3%	6%
\$2,501–\$3,000	0%	1%	2%	0%	1%	3%
More than \$3,000	0%	2%	0%	0%	0%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>5. Today, in general, is it better to own or rent a home?</b>						
Own a home	41%	63%	79%	89%	71%	48%
Rent a home	23%	7%	9%	0%	12%	18%
Not sure	36%	30%	12%	11%	17%	33%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Results are displayed by each source of data, using the following labels:

**PANEL** = Zoomerang / Market Tools (comparison group);

**MEDA** = Mission Economic Development Agency;

**SFHDC** = San Francisco Urban Community Housing Corporation;

**ASIAN** = Asian, Inc.;

**SF URBAN** = San Francisco Housing Development Corporation;

**LGBT** = Lesbian Gay Bisexual Transgender Community Center

	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>6. On a 10 to 1 scale, where 10 is “very likely” and 1 is “not at all likely,” how likely are you to try to buy a home in the next...</b>						
	Not at all likely	Not at all likely	Not at all likely	Not at all likely	Not at all likely	Not at all likely
6 months?	67%	29%	19%	23%	22%	67%
12 months?	54%	17%	7%	18%	10%	45%
3 years?	28%	2%	4%	3%	7%	13%

<b>7. If you were to start the process of buying a home, how would you begin? Would you contact any of the following:</b>						
	Probably Yes	Probably Yes	Probably Yes	Probably Yes	Probably Yes	Probably Yes
A real estate agent	56%	76%	76%	89%	77%	72%
A credit union	28%	46%	56%	31%	40%	32%
A friend or family member	45%	63%	67%	75%	73%	60%
A bank	41%	77%	69%	81%	81%	59%
City of San Francisco	6%	73%	85%	80%	84%	29%
A nonprofit homebuyer assistance program	41%	92%	92%	89%	85%	51%
Other	16%	36%	33%	0%	38%	23%

<b>8. If you were to buy a home, what type of home would you most like to buy?</b>						
Single-family unattached home	63%	40%	63%	49%	52%	34%
Single-family row house	5%	7%	8%	10%	1%	8%
Duplex or triplex	5%	12%	3%	15%	4%	6%
Condo	15%	30%	18%	18%	31%	36%
Co-op	0%	3%	3%	5%	4%	2%
I will never buy a home	8%	0%	0%	0%	0%	2%
Other, please specify	3%	8%	5%	3%	7%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>9. If you were to buy a home, where would you most like to buy?</b>						
In the city of San Francisco	12%	73%	89%	82%	90%	75%
In East Bay	26%	16%	5%	8%	4%	8%
In North Bay	13%	1%	3%	0%	1%	3%
In South Bay	20%	4%	3%	8%	1%	3%
Outside Bay Area	21%	6%	0%	2%	3%	8%
I will never buy a home	8%	0%	0%	0%	0%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>10. How much would each of these help you to buy a home?</b>						
	Not help at all	Not help at all	Not help at all	Not help at all	Not help at all	Not help at all
Educational classes	13%	5%	8%	3%	7%	8%
Personal counseling/advice	7%	2%	5%	3%	7%	5%
Down payment assistance	5%	3%	5%	0%	4%	4%
Access to low-cost mortgage loans	4%	4%	5%	6%	4%	4%
Help with home repairs or rehabilitation	7%	6%	13%	19%	9%	6%

	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>11. If you were asked by a friend today, how likely would you be to recommend buying a home in your current neighborhood?</b>						
Not at all likely	17%	12%	12%	13%	13%	12%
Not very likely	20%	20%	14%	26%	21%	15%
Somewhat likely	39%	33%	28%	43%	35%	30%
Very likely	23%	35%	47%	17%	31%	43%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>12. How much do you think the typical home in your current neighborhood is worth today?</b>						
Under \$100,000	4%	2%	0%	0%	1%	0%
\$101–200,000	4%	1%	0%	2%	1%	2%
\$201–300,000	8%	5%	0%	7%	5%	2%
\$301–400,000	12%	7%	7%	11%	1%	3%
\$401–500,000	14%	5%	10%	9%	9%	7%
\$501–600,000	12%	12%	19%	22%	21%	9%
\$601–700,000	10%	13%	7%	13%	12%	12%
\$701–800,000	12%	17%	12%	13%	13%	18%
\$801–900,000	7%	11%	17%	9%	16%	14%
\$901–1,000,000	7%	14%	10%	9%	8%	11%
Over \$1,000,000	10%	13%	19%	4%	11%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>13. If you were to buy a home, how important is it to you to buy in your current neighborhood?</b>						
Not at all important	42%	34%	40%	11%	40%	35%
Slightly important	17%	20%	19%	40%	19%	22%
Somewhat important	23%	29%	21%	27%	16%	27%
Very important	10%	17%	19%	22%	25%	14%
I will never buy a home	7%	0%	2%	0%	0%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>14. If you were to buy a home, how important is it to you to buy a home close to work?</b>						
Not at all important	18%	10%	12%	17%	3%	10%
Slightly important	18%	19%	14%	30%	12%	22%
Somewhat important	31%	31%	23%	22%	44%	36%
Very important	26%	40%	51%	30%	41%	30%
I will never buy a home	8%	0%	0%	0%	0%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>15. How much do you worry about each of the following issues related to owning a home?</b>						
	Major worry	Major worry	Major worry	Major worry	Major worry	Major worry
Paying too much for a house	52%	72%	67%	59%	65%	58%
Qualifying for an affordable mortgage	58%	64%	72%	37%	63%	71%
Keeping up with repairs and maintenance	36%	31%	26%	21%	36%	28%
Not being able to keep up with payments	47%	36%	45%	48%	31%	40%

	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>16. How much do you consider each of the following issues to be a benefit of owning a home?</b>						
	Large benefit	Large benefit	Large benefit	Large benefit	Large benefit	Large benefit
Gives you more control over your housing	55%	76%	83%	64%	73%	74%
Value can increase over time	62%	69%	76%	40%	67%	70%
Personal pride/sense of achievement	53%	54%	67%	16%	57%	57%
Stabilizes your housing costs	45%	53%	63%	52%	65%	53%
<b>17. If you were to look for a home to buy today, in what price range would you be looking?</b>						
Under \$100,000	9%	1%	3%	3%	0%	9%
\$101,000–\$200,000	16%	14%	8%	15%	10%	12%
\$201,000–\$300,000	20%	23%	39%	28%	23%	21%
\$301,000–\$400,000	18%	26%	32%	21%	28%	17%
\$401,000–\$500,000	13%	18%	13%	15%	25%	19%
More than \$500,000	15%	17%	5%	18%	14%	21%
I will never buy a home	9%	0%	0%	0%	0%	2%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>18. How hard or easy do you think it would be for you to qualify for a mortgage?</b>						
Very hard	42%	20%	12%	28%	18%	40%
Somewhat hard	36%	44%	52%	46%	45%	36%
Somewhat easy	16%	28%	18%	22%	24%	18%
Very easy	6%	9%	18%	4%	13%	7%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>19. Before you start looking for a home, how likely is it that you would try and take a class on how to buy a home?</b>						
Very unlikely	20%	10%	10%	2%	13%	9%
Somewhat unlikely	26%	9%	2%	4%	4%	21%
Somewhat likely	29%	18%	26%	48%	18%	36%
Very likely	16%	63%	62%	46%	64%	33%
I will never buy a home	9%	0%	0%	0%	0%	2%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>20. How likely would you be to consult a housing counselor before buying a home?</b>						
Very unlikely	15%	8%	7%	7%	11%	9%
Somewhat unlikely	26%	7%	2%	11%	8%	20%
Somewhat likely	32%	22%	21%	38%	20%	37%
Very likely	18%	63%	69%	44%	61%	33%
I will never buy a home	9%	0%	0%	0%	0%	2%
<b>Total</b>	100%	100%	100%	100%	100%	100%

	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>21. How much would you be willing to pay for homebuyer classes and/or counseling?</b>						
I would never go to a class or counselor	25%	0%	0%	0%	0%	4%
\$0	21%	25%	43%	56%	23%	20%
\$1–\$25	17%	35%	21%	31%	34%	22%
\$25–\$50	20%	21%	19%	4%	26%	24%
\$50–\$75	8%	9%	5%	2%	1%	12%
\$75–\$100	5%	4%	12%	7%	5%	11%
\$100–\$200	2%	5%	0%	0%	11%	5%
More than \$200	1%	1%	0%	0%	0%	3%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>22. Compared to a year ago, would you say your interest in taking a workshop or getting counseling before buying a home has increased, decreased or is about the same?</b>						
Increased	18%	43%	41%	40%	64%	39%
Decreased	6%	8%	7%	9%	5%	6%
About the same	56%	41%	49%	40%	29%	48%
Not sure	10%	8%	2%	11%	1%	5%
I will never buy a home	10%	0%	0%	0%	0%	2%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>23. Where do you learn about issues related to the San Francisco area housing market? (Please select all that apply.)</b>						
TV	52%	38%	36%	36%	32%	46%
Radio	22%	26%	14%	21%	20%	28%
Newspapers	54%	47%	43%	62%	47%	64%
Friends, family and co-workers	46%	44%	43%	55%	50%	66%
Community organizations	12%	45%	43%	15%	49%	25%
Real estate or lending professionals	28%	21%	33%	30%	38%	35%
First-hand experience	16%	21%	21%	9%	25%	24%
San Francisco Mayor's Office of Housing	2%	44%	52%	36%	57%	14%
Other, please specify	14%	21%	24%	4%	13%	17%
<b>24. How much do you know about the following topics? (Please check one per row.)</b>						
	A lot	A lot	A lot	A lot	A lot	A lot
How to find a home	10%	8%	12%	13%	16%	10%
Mortgage rates and fees	6%	4%	10%	7%	8%	5%
Affordable homeownership programs available for low- and moderate-income buyers	3%	4%	17%	11%	12%	2%
<b>25. Would you prefer to buy a smaller home closer to work (under 20 minutes) or a larger home further away from work (more than 45 minutes)?</b>						
Closer to work but small	72%	74%	75%	50%	80%	86%
Larger-sized home but further	28%	26%	25%	50%	20%	14%
<b>Total</b>	100%	100%	100%	100%	100%	100%

	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>26. Which mortgage payment do you prefer?</b>						
\$2,000 monthly payment that never changes	74%	85%	83%	71%	88%	82%
\$1,500 monthly payment that varies each month	26%	15%	17%	29%	12%	18%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>27. Would you prefer a zero down payment but a \$400 higher monthly payment, or a \$15,000 down payment and a \$400 lower monthly payment?</b>						
Low or no down payment required, but higher monthly payment	24%	47%	49%	100%	31%	26%
Lower monthly payment but larger down payment	76%	53%	51%	0%	69%	74%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>28. Would you prefer to be close to work (under 20 minutes) but pay a \$200 larger monthly payment, or be further from work (more than 45 minutes) and pay a \$200 lower monthly payment?</b>						
Farther from work, but lower monthly payment	47%	58%	61%	100%	42%	25%
Closer to work, but higher monthly payment	53%	42%	39%	0%	58%	75%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>29. Would you prefer a mortgage with an interest rate 1.5 percentage points below the market rate but where 8 hours of homebuyer counseling/ workshops was required, or a loan with no counseling/ workshops required and a standard market interest rate?</b>						
Below market rate mortgage with counseling requirement	83%	91%	87%	96%	97%	98%
Market rate loan with no counseling requirements	17%	9%	13%	4%	3%	2%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>30. How do you expect the value of homes in the Bay Area to change in the next 3 years?</b>						
Increase a lot	16%	13%	14%	8%	12%	12%
Increase a little	35%	41%	33%	20%	39%	44%
Stay the same	21%	18%	23%	20%	11%	16%
Decrease a little	20%	21%	21%	18%	29%	22%
Decrease a lot	8%	7%	9%	35%	9%	6%
<b>Total</b>	100%	100%	100%	100%	100%	100%
<b>31. How worried are you that problems in the housing market might affect you personally?</b>						
Not worried at all	25%	22%	24%	23%	12%	17%
Slightly worried	37%	34%	26%	30%	39%	33%
Somewhat worried	22%	28%	33%	34%	30%	31%
Significantly worried	16%	15%	17%	13%	19%	19%
<b>Total</b>	100%	100%	100%	100%	100%	100%



	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>32. How would you rate your credit?</b>						
Excellent	21%	42%	56%	52%	43%	39%
Good	29%	35%	21%	38%	30%	23%
Fair	22%	12%	16%	2%	9%	21%
Poor	22%	9%	2%	4%	12%	14%
Not sure	6%	3%	5%	4%	5%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>33. Do you have a checking account?</b>						
Yes	91%	99%	100%	100%	96%	98%
No	9%	1%	0%	0%	4%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>34. Have you missed a payment or paid a "late payment" fee on your rent in the last 2 years?</b>						
Yes	6%	3%	5%	4%	14%	5%
No	94%	97%	95%	96%	86%	95%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>35. How many total people live in your household, including yourself?</b>						
1	28%	21%	23%	4%	30%	41%
2	32%	29%	47%	19%	26%	43%
3	20%	22%	14%	34%	21%	10%
4	10%	16%	14%	26%	17%	4%
5	6%	7%	0%	11%	3%	2%
6	2%	1%	2%	2%	0%	0%
7+	1%	5%	0%	4%	3%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>36. What is your age?</b>						
Under 18	0%	0%	2%	0%	0%	0%
18–35	27%	33%	26%	23%	26%	25%
36–45	27%	34%	37%	34%	33%	38%
46–55	23%	22%	28%	36%	20%	25%
56 or older	22%	12%	7%	7%	21%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>37. Which category best describes your race/ethnicity?</b>						
Native American	2%	0%	0%	0%	0%	1%
Black/African American	10%	8%	33%	0%	25%	5%
Hispanic/Latino	7%	41%	7%	0%	7%	10%
Asian	13%	14%	10%	100%	27%	7%
White	64%	31%	33%	0%	36%	71%
Other, please specify	4%	6%	17%	0%	5%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>38. What is the primary language that is spoken at your home or apartment?</b>						
English	94%	65%	88%	4%	84%	97%
Spanish	0%	29%	0%	0%	4%	1%
Spanish Creole	0%	0%	0%	0%	0%	0%
Chinese Mandarin	1%	0%	0%	2%	4%	1%
Chinese Cantonese	1%	1%	2%	85%	1%	0%
Chinese Other	0%	0%	0%	2%	1%	0%
French	0%	0%	0%	0%	0%	0%
German	0%	0%	0%	0%	0%	1%
Tagalog	1%	1%	0%	0%	0%	0%
Vietnamese	0%	0%	2%	4%	0%	0%
Korean	0%	0%	0%	0%	1%	0%
Russian	0%	1%	0%	0%	0%	0%
Arabic	0%	0%	0%	0%	0%	0%
Other, please specify	2%	3%	7%	2%	4%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>39. How much would you estimate you and your spouse/ partner earn in combined total monthly gross income (before taxes) in a typical month? (Please select one.)</b>						
Less than \$1,000 (up to \$12,000 per year)	5%	1%	2%	4%	5%	2%
\$1,000 to \$1,999 (up to \$24,000 per year)	12%	5%	5%	9%	7%	8%
\$2,000 to \$2,999 (up to \$36,000 per year)	18%	21%	9%	23%	20%	12%
\$3,000 to \$3,999 (up to \$48,000 per year)	12%	19%	26%	13%	14%	11%
\$4,000 to \$4,999 (up to \$60,000 per year)	13%	22%	21%	38%	17%	14%
\$5,000 to \$5,999 (up to \$72,000 per year)	11%	11%	16%	4%	20%	12%
\$6,000 to \$6,999 (up to \$84,000 per year)	6%	11%	9%	4%	7%	12%
\$7,000 or more	9%	7%	9%	4%	8%	29%
Don't know	14%	4%	2%	0%	3%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	PANEL	MEDA	SFHDC	ASIAN	SF URBAN	LGBT
<b>40. How much would you estimate you and your spouse/ partner have in combined total savings and investments (include all checking, savings, investment, annuities and retirement accounts)? (Please select one.)</b>						
\$0 (None)	13%	5%	2%	0%	5%	6%
Less than \$500	9%	6%	2%	0%	4%	9%
\$501 to \$1,000	5%	2%	0%	6%	4%	3%
\$1,001 to \$1,500	4%	2%	2%	4%	1%	3%
\$1,501 to \$2,000	2%	5%	0%	6%	4%	4%
\$2,001 to \$2,500	3%	3%	0%	2%	3%	2%
\$2,501 to \$3,000	3%	1%	2%	4%	0%	2%
\$3,001 to \$3,500	2%	1%	2%	2%	0%	2%
\$3,501 to \$4,000	0%	2%	0%	2%	1%	2%
\$4,001 to \$4,500	0%	2%	0%	2%	0%	1%
\$4,501 to \$5,000	3%	2%	2%	4%	4%	2%
More than \$5,000	36%	62%	74%	56%	60%	60%
Don't know	19%	8%	12%	10%	12%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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## Appendix 2: Focus Group Summary

Five focus groups with approximately six participants each were conducted. Focus groups lasted approximately 75 minutes.

Focus groups are not intended to be a representative sample, nor is the data intended to be generalizable. However, focus group data can illustrate a theme supported by other evidence. Incentive payments of \$50 Visa gift cards were used. Groups were organized by language and /or demographics, resulting in the following sessions:

- 1 in English (mixed ethnicities) at Consumer Credit Counseling Service (CCCS) of San Francisco
- 2 in English (all African Americans) — 1 at SFHDC and 1 at SF Urban
- 1 in Spanish at MEDA
- 1 in Cantonese at Asian, Inc.

All participants signed a consent form promising confidentiality at the outset, and were informed that sessions would be recorded, transcribed and translated, if necessary.

### Conducting the Focus Group Session

1. Set up participants to sit around one table so they can all make eye contact.
2. Give each participant a name tent. Allow participants to write their own names on name tents (first name only) at the start of the session. Do the same for yourself.
3. Give each participant a set of handouts (survey and consent form) and a blank envelope. Ask each participant to sign the consent form, complete the brief survey, place both forms in the blank envelopes and return them to the facilitator.
4. As each participant returns an envelope to you, give him or her a Visa gift card.
5. Go over ground rules:
  - a. Keep a quick pace
  - b. Turn off cell phones
  - c. Respect each other's comments
  - d. Maintain momentum (I may have to cut you off; it's not personal)
  - e. Keep comments confidential

## Script

Thank you for coming. First, let me say your comments will stay in this room. I do have a tape recorder, but that is mostly because I cannot remember everything you say, nor can I write that fast. And what you have to say is too important for me to miss. I promise I will not cite anyone personally. In fact, we will only use our first names here today. Your privacy is important and I want you to be honest with us so I can learn as much as I can. But I do ask that you do not repeat what you hear anyone say here today. Let's respect all comments made here and keep them in this room.

You should have all filled out a consent form and a brief survey. If you have not had time to do this, please do so now.

Let's get started...

### I. Housing

- A. What comes to mind when you hear the word "homeowner"?
  - What does homeownership mean to you?
  - Do you want to be a homeowner?
  - How likely do you think it is that you will buy a home?
  - When do you think you will buy a home?
  - How important is it?
  
- B. What are the most important things you want to look for when you look for a place to live?
  - Close to work?
  - Close to family?
  - The size?
  - The cost?
  - How it looks?
  - Schools?
  - Safety?
  - What else?
  - Now what are the top 3 for each of you (in rank order) if you had to say...?
  
- C. How important is it for you to buy a home in San Francisco?

## II. Housing Finance

- A. Is buying a home a good strategy for acquiring assets or building your wealth?
- What is preventing you from buying right now?
- B. Do you feel comfortable working with a bank?
- What comes to mind when you hear this word?
  - How about a realtor?
  - Mortgage broker?
  - Mortgage company?
- C. What comes to mind when you hear about foreclosure?
- What comes to mind when you hear about subprime mortgages?
  - Does recent news impact your feelings about buying a home?
  - How or why?
- D. Is it harder or easier to buy a home today than last year?
- How about 5 years ago?
  - What do you think it will be like in another 5 years?
- E. Does a decline in housing values make you nervous or suggest it is a good time to buy “bargains”?
- F. How do you see buying a home fitting into your overall financial goals?
- G. What, if anything, causes you to lose sleep when you think about money?

## III. Service Delivery

- A. When you started the homebuying process, what was your first step?
- B. How did you end up at this counseling agency?
- C. Have you ever heard of...
- Asian, Inc.?
  - CCCS of San Francisco (Consumer Credit Counseling Service)?
  - MEDA (Mission Economic Development Agency)?
  - SFHDC (San Francisco Housing Development Corporation)?
  - SF Urban?
  - HomeBricks?
  - Habitat?

- Is Habitat similar to this counseling agency, or different in your mind?
  - Can you think of any other services that provide help for first-time homebuyers?
  - What do you think of these kinds of programs?
  - What do they do?
  - How so?
- D. How important is it for you to receive services from someone who speaks the same language as you?
- E. How important is it for you to receive services from someone who is from the same cultural background as you?
- F. Have you attended classes on how to buy a home at this counseling agency?
- What did you think of the classes?
  - How much would you be willing to pay to attend?
  - Who would pay \$5? \$10? \$25? \$50?
  - Anyone willing to pay more?
  - How much?
  - What determines how much you would pay?
- G. How do you make financial choices?
- How do you decide when to take a risk?
  - Does it help to have someone to give you advice?
  - Who do you trust to help you make major decisions like buying a house?
- H. How about if you could get information on the web – who would do that?
- What if you had a counselor online via email or chat?
  - Would you be willing to only get services on the web or as a back up to face-to-face services?
- I. After you buy a home what kinds of services would you like to have access to?
- Help knowing when and how to refinance your mortgage?
  - Help deciding when and how to make home repairs yourself?
  - Help finding contractors, planning or financing home additions or alterations?
  - Counseling on credit use and debt management?
  - Financial planning?

#### IV. Trade-offs

A. A typical starter home in the city of San Francisco is \$600,000 depending on the location — some neighborhoods are a lot more and a few (Bayview/Hunter's Point) are less. Condos might be less and single-family detached more. When you hear about a home selling for \$600,000 what do you think?

- Is that too much?
- How can you find something affordable?

B. What if you could buy a home for less money if you agreed not to sell it for a profit?

- What if you could buy the home for less thanks to a grant or loan from a nonprofit or the city?
- What if you could buy it for less but your monthly payment could change?
- What else could make the home more affordable?

C. What do you think about condos?

- Do you know what they are?
- What makes them more affordable?
- How about co-ops?
- Land trusts?
- Below-market rate units?
- How much do you know about these?
- Does anyone know anyone who lives in one?

D. In a below-market rate unit you agree that you will only make a modest profit when you sell. So if you paid \$250,000 after five years you might sell it for \$275,000 even though houses might have gone up more than that. And you would agree to sell to another first-time or other buyer who needs an affordable home. Would anyone definitely not want to consider buying a below-market rate unit?

- Why not?

E. How much do you worry if you buy a home you might pay too much?

- That prices will drop?
- That you will get an unfair loan or a loan with features you don't know about?
- Do these things make you feel like you should just rent?

**V. Conclusion:** What should nonprofits in the community do if they want to better serve you?



## Focus Group Coding Summary

Transcripts were coded using Atlas.ti software. A summary of codes is below.

TOPICS	CCCS	MEDA	SF	Urban	Total
Affordability	48	27	23	20	118
Banks	8	6	7	17	38
City	3	1	4	12	20
Close to Job	22	8	9	13	52
Condo	14	9	4	8	35
Confidence	4	1	8	12	25
Cost	14	14	9	1	38
Counseling	4	4	4	1	13
Education	11	14	11	14	50
Foreclosure	2	0	4	2	8
Help	11	8	6	12	37
Mortgage	32	8	17	27	84
Nonprofit	2	1	3	0	6
Repairs	1	1	3	1	6
Risk	1	7	0	0	8
Suburb	1	0	0	1	2
Trust	6	2	8	6	22
Totals	184	111	120	147	562