

# Appendix

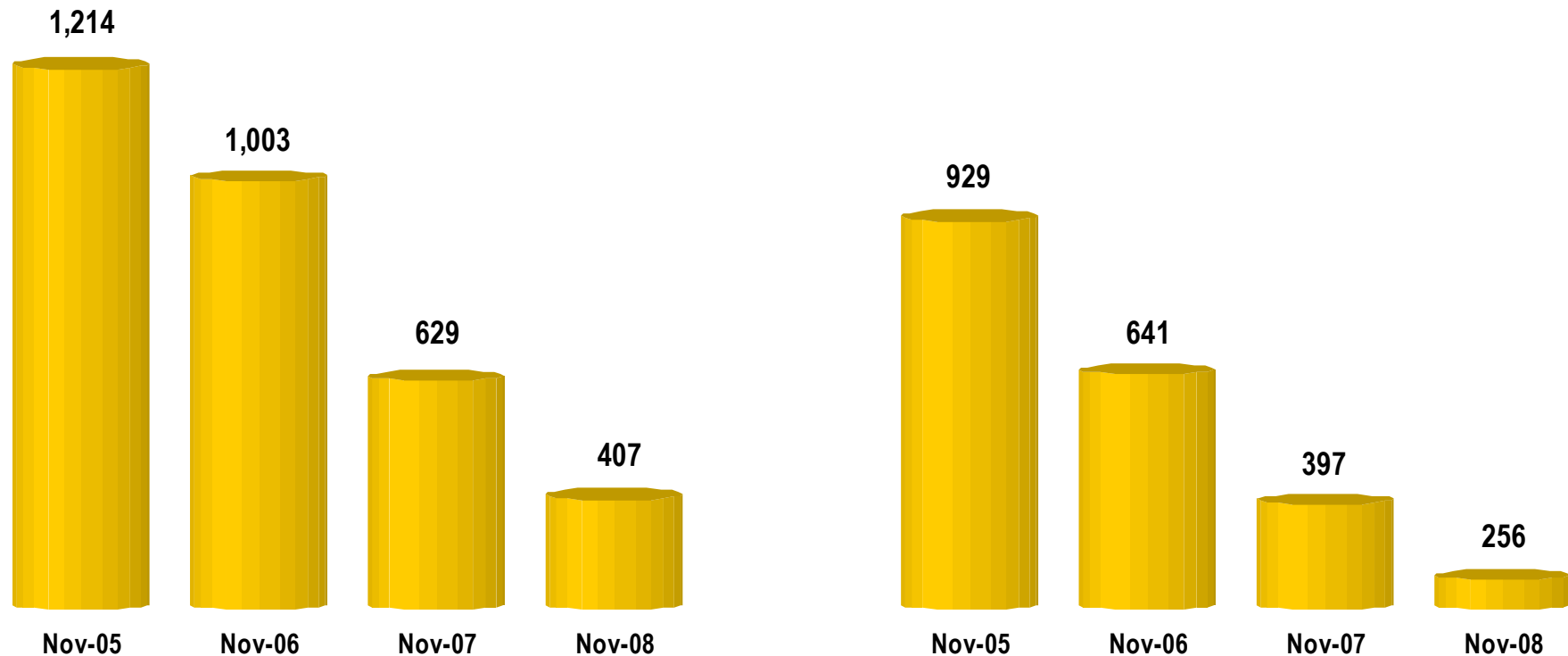


Fix Housing First

The Need for Housing Stimulus

# New Home Sales

## Adjusted for Cancellation Rates

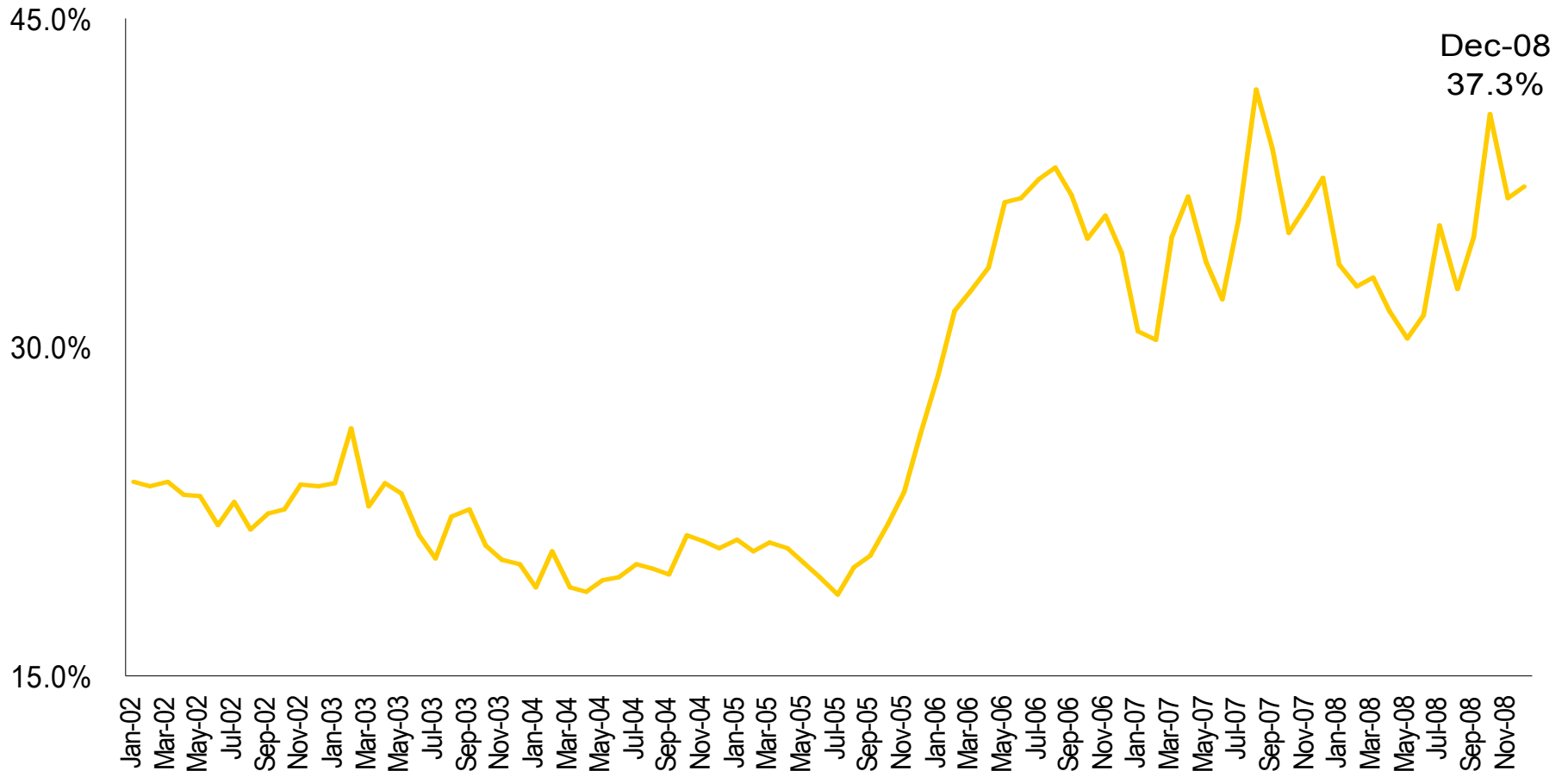


- ◆ **Census Bureau data excludes cancellations**
- ◆ **December 2008 is expected to be worse**

Source: Census Bureau and Census Bureau data adjusted for cancellation rates from NAHB.

# Cancellation Rates on the Rise Again

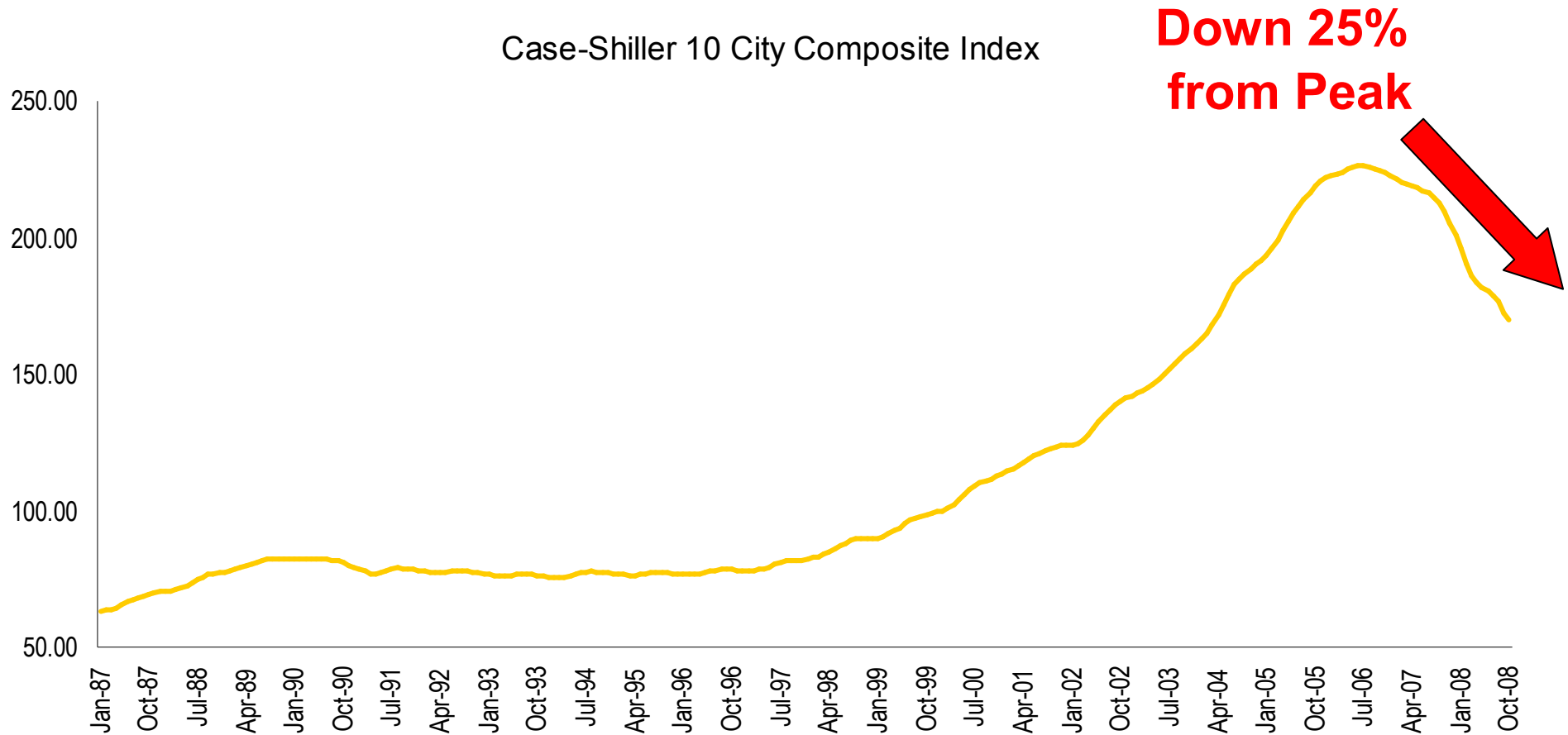
NAHB Large Single Family Builder Survey (28 builders)



Note: 28 Builder Survey is compiled each month by economists at NAHB that tracks real time data from 28 large private and public homebuilders that is a very good surrogate for national activity.

Source: NAHB

# Only Sustained Drop in Case-Shiller Index

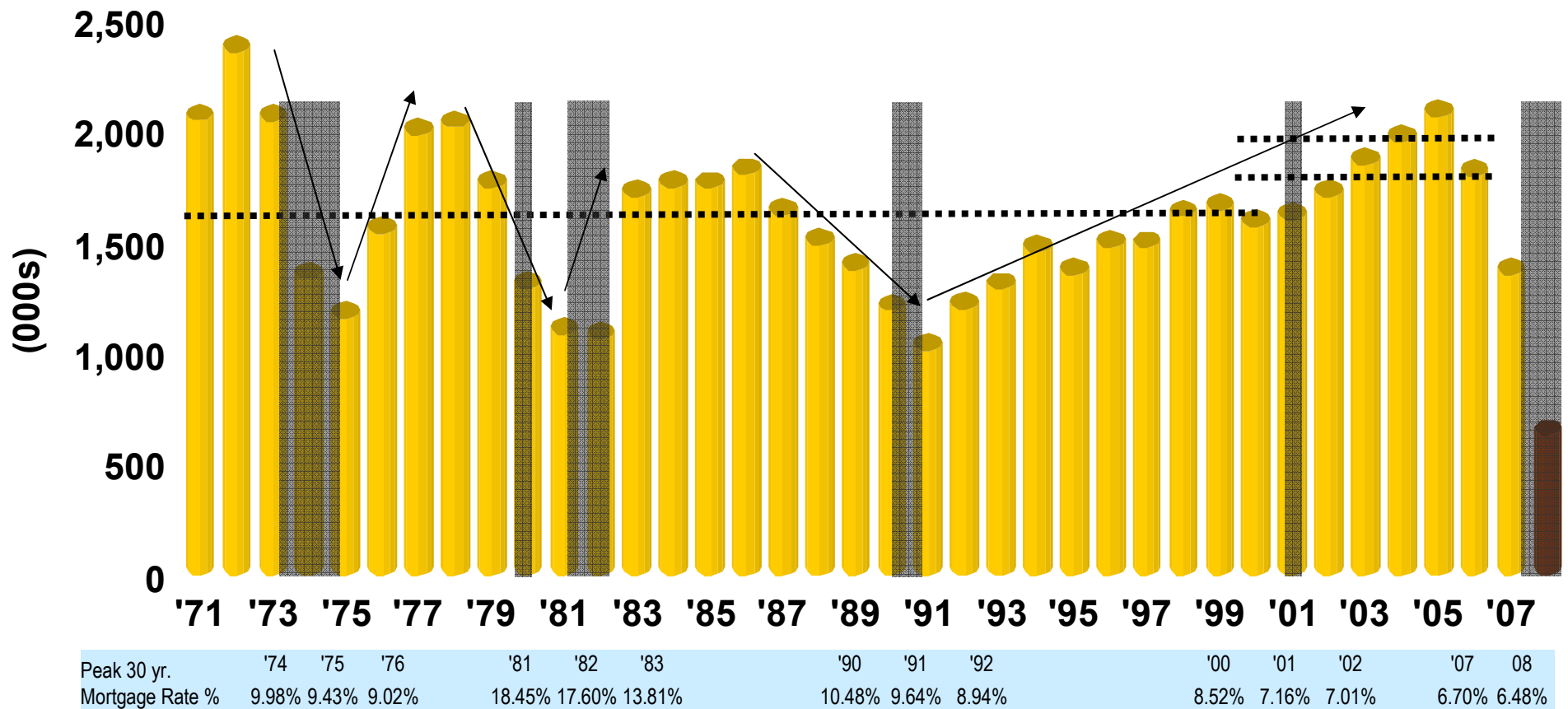


- ◆ Las Vegas down 39% from peak
- ◆ Phoenix down 41% from peak
- ◆ Miami down 38% from peak

Sources: S&P/Case-Shiller Home Price Indices

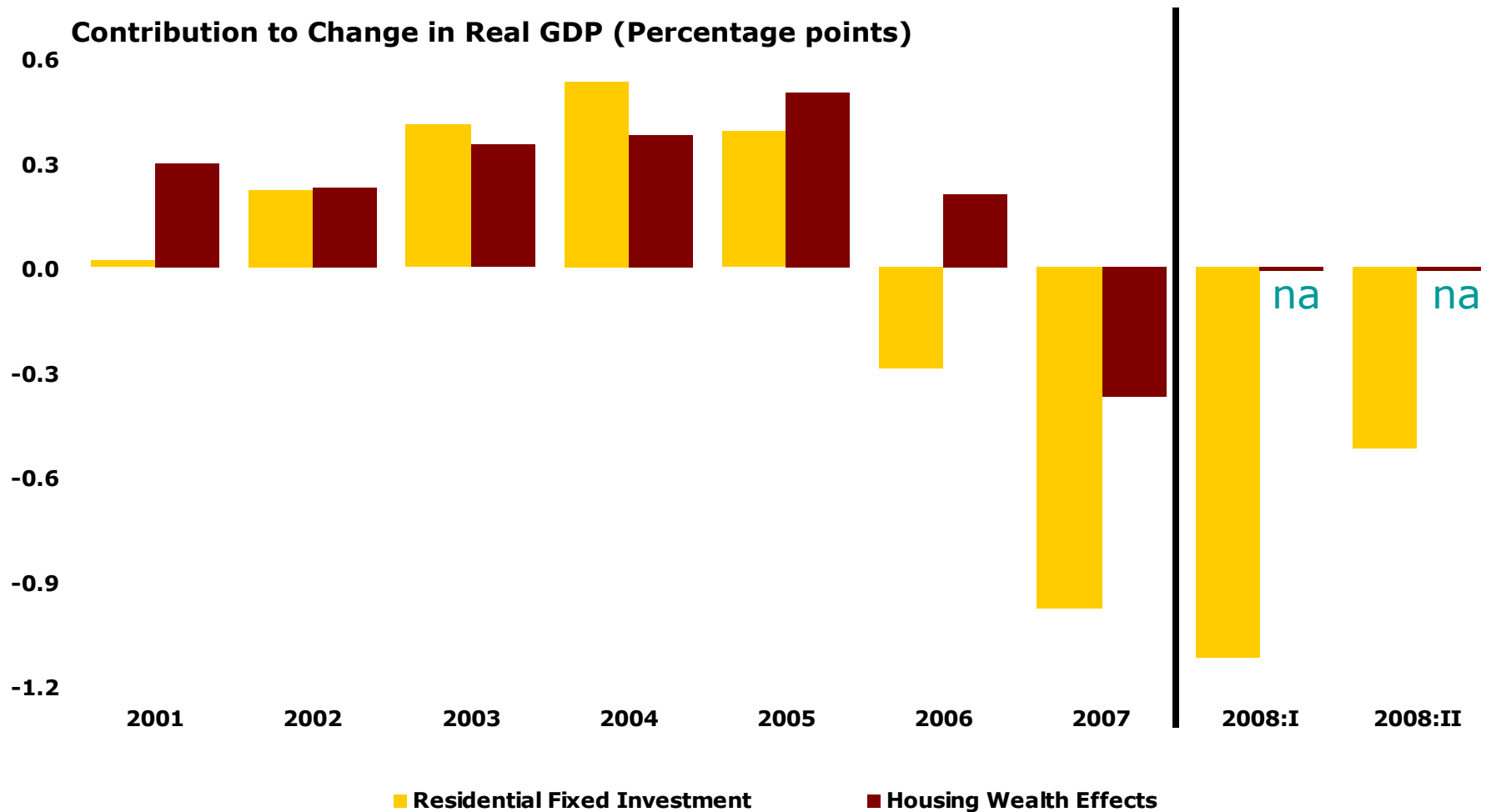
# Total Housing Starts

■ Total U.S. Housing Starts 
 ■ November 2008 Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau and Freddie Mac.

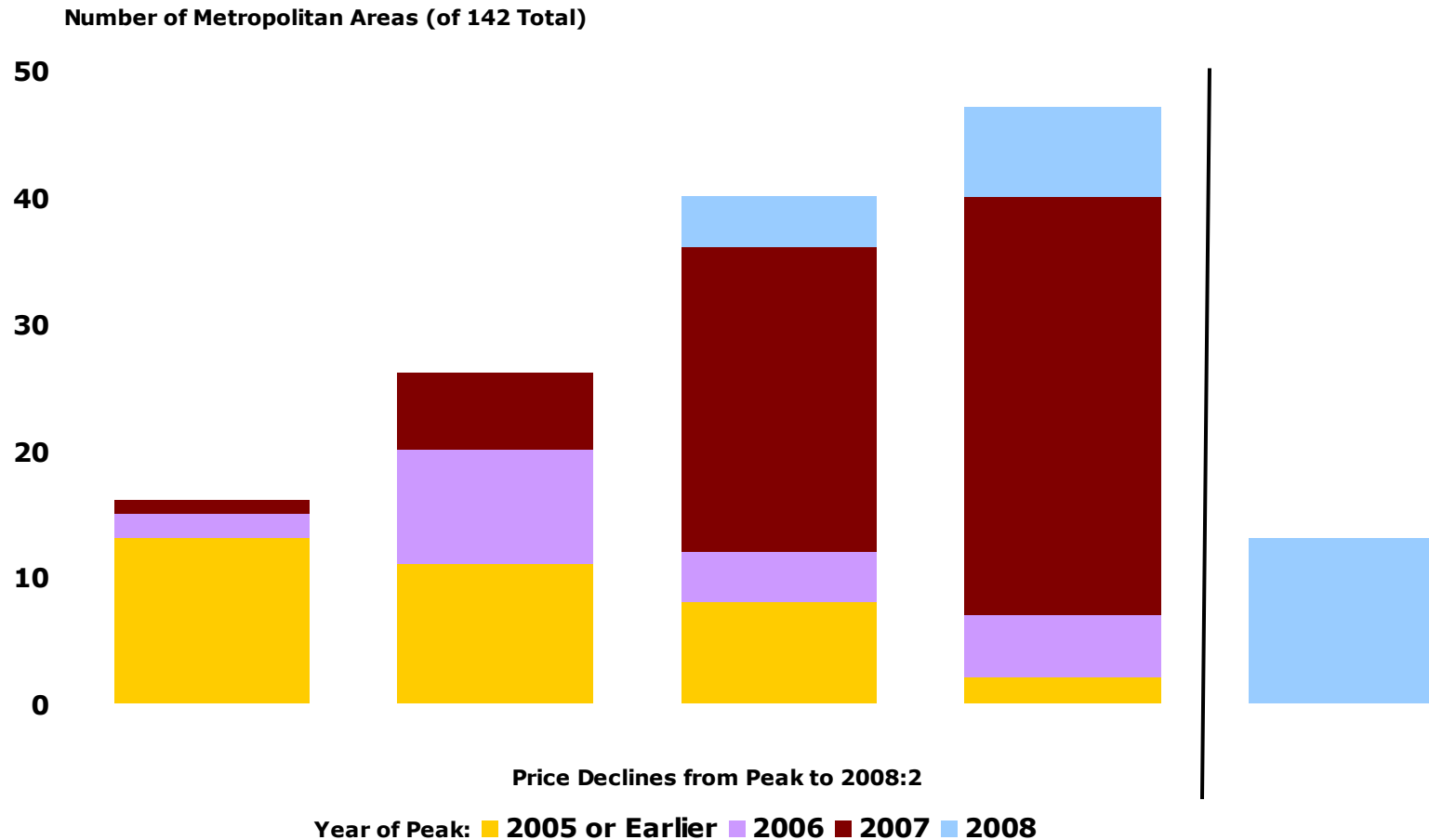
# Declines in Both Housing Production and Housing Wealth Are Dragging Down the Economy



Note: Wealth effects include the impact of falling home prices on the marginal propensity of consumers to spend from their aggregate household wealth.

Sources: Joint Center for Housing Studies of Harvard University, Moody's Economy.com; Bureau of Economic Analysis.

# NAR Median House Prices Are Correcting Faster Than Past Cycles, But Many Still in the Early Innings

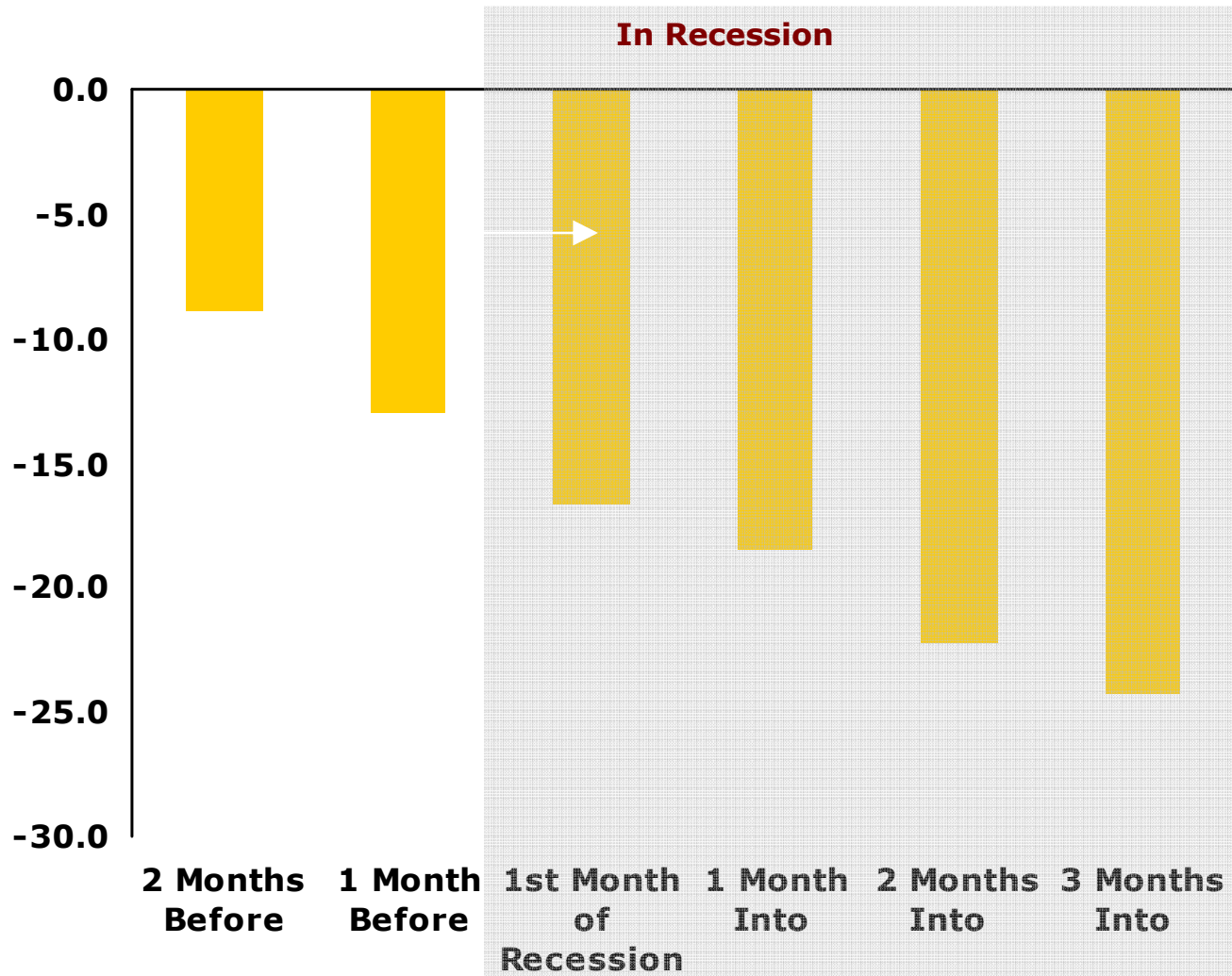


Notes: Peaks and declines are based on seasonally adjusted quarterly median single-family house prices. Still increasing means that nominal house prices reached a new peak in the first quarter of 2008.

Sources: Joint Center for Housing Studies of Harvard University, National Association of Realtors®; Moody's Economy.com.

# Recessions Exacerbate the Hit on New Home Sales

Year-over-Year Percent Change in New Home Sales



Note: Values calculated using three month rolling averages. Includes all 6 Recessions back through December of 1969.

Sources: Joint Center for Housing Studies of Harvard University, NBER Business Cycles; US Census Bureau, Survey of Construction

# Affordable Housing Index

Year	Median Priced Existing Home <sup>1</sup>	Mortgage Rate <sup>2</sup>	Monthly P & I Payment	Payment as a % of Income	Annual Median Family Income <sup>3</sup>	Annual Qualifying Income*	Affordability Index
1975	\$35,250	9.1%	\$228	19.9%	\$13,719	\$10,940	125.4
1976	\$38,075	8.9%	\$242	19.4%	\$14,958	\$11,628	128.6
1977	\$42,750	8.9%	\$271	20.4%	\$16,009	\$13,032	122.8
1978	\$48,692	9.6%	\$332	22.6%	\$17,640	\$15,913	110.8
1979	\$55,533	11.2%	\$430	26.3%	\$19,587	\$20,631	94.9
1980	\$62,050	13.7%	\$578	33.0%	\$21,023	\$27,743	75.8
1981	\$66,125	16.6%	\$738	39.6%	\$22,388	\$35,439	63.2
1982	\$67,700	16.0%	\$730	37.4%	\$23,433	\$35,043	66.9
1983	\$69,825	13.2%	\$628	30.7%	\$24,580	\$30,164	81.5
1984	\$72,300	13.9%	\$680	30.9%	\$26,433	\$32,632	81.0
1985	\$75,358	12.4%	\$640	27.7%	\$27,735	\$30,727	90.3
1986	\$80,258	10.2%	\$572	23.3%	\$29,458	\$27,480	107.2
1987	\$85,575	10.2%	\$611	23.7%	\$30,970	\$29,349	105.5
1988	\$89,200	10.3%	\$644	24.0%	\$32,191	\$30,923	104.1
1989	\$94,308	10.3%	\$680	23.9%	\$34,213	\$32,640	104.8
1990	\$96,833	10.1%	\$687	23.3%	\$35,353	\$32,989	107.2
1991	\$102,025	9.3%	\$671	22.4%	\$35,939	\$32,230	111.5
1992	\$105,050	8.4%	\$640	21.0%	\$36,573	\$30,703	119.1
1993	\$108,250	7.3%	\$594	19.3%	\$36,959	\$28,526	129.6
1994	\$112,725	8.4%	\$686	21.2%	\$38,782	\$32,916	117.8
1995	\$115,833	7.9%	\$675	20.0%	\$40,611	\$32,421	125.3
1996	\$121,883	7.8%	\$703	19.9%	\$42,300	\$33,725	125.4
1997	\$128,042	7.6%	\$723	19.5%	\$44,568	\$34,716	128.4
1998	\$134,967	6.9%	\$714	18.3%	\$46,737	\$34,272	136.4
1999	\$140,250	7.4%	\$780	19.2%	\$48,831	\$37,436	130.4
2000	\$146,008	8.1%	\$861	20.4%	\$50,732	\$41,336	122.7
2001	\$154,508	7.0%	\$820	19.1%	\$51,407	\$39,354	130.6
2002	\$166,192	6.5%	\$844	19.6%	\$51,680	\$40,505	127.6
2003	\$178,317	5.8%	\$840	19.1%	\$52,680	\$40,308	130.7
2004	\$192,808	5.8%	\$909	20.2%	\$54,061	\$43,631	123.9
2005	\$217,492	5.9%	\$1,029	22.0%	\$56,194	\$49,377	113.8
2006	\$221,883	6.4%	\$1,111	22.8%	\$58,407	\$53,351	109.5
2007	\$215,517	6.3%	\$1,072	21.0%	\$61,355	\$51,441	119.3
Nov-08	\$180,800	6.26%	\$892	17.6%	\$60,949	\$42,793	142.4
November with 5.03% mortgage	\$180,800	5.03%	\$779	15.3%	\$60,949	\$37,397	163.0
<b>2.99% 30-year Fixed Mortgage</b>							
	\$180,800	2.99%	\$609	12.0%	\$60,949	\$29,233	208.5
<b>3.99% 30-year Fixed Mortgage</b>							
	\$180,800	3.99%	\$690	13.6%	\$60,949	\$33,106	184.1

Source: National Association of REALTORS®<sup>1</sup>, Freddie Mac<sup>2</sup> and US Census Bureau<sup>3</sup>.

\*Based on a 25% qualifying ratio for monthly housing expense to gross monthly income with a 20% down payment.

# Affordable Housing Index

Year		Median Priced Existing Home <sup>1</sup>	Mortgage Rate <sup>2</sup>	Monthly P & I Payment	Payment as a % of Income	Annual Median Family Income <sup>3</sup>	Annual Qualifying Income*	Affordability Index
Nov-08	United States	\$180,800	6.26%	\$892	17.6%	\$60,949	\$42,793	142.4
	Northeast	\$265,900	6.18%	\$1,300	22.7%	\$68,791	\$62,404	110.2
	Midwest	\$140,100	6.29%	\$693	13.4%	\$61,868	\$33,265	186.0
	South	\$155,100	6.28%	\$766	16.6%	\$55,454	\$36,787	150.7
	West	\$248,200	6.26%	\$1,224	23.1%	\$63,692	\$58,745	108.4
<b>2.99% 30-year Fixed Mortgage</b>								
	United States	\$180,800	2.99%	\$609	12.0%	\$60,949	\$29,233	208.5
	Northeast	\$265,900	2.99%	\$896	15.6%	\$68,791	\$42,993	160.0
	Midwest	\$140,100	2.99%	\$472	9.2%	\$61,868	\$22,653	273.1
	South	\$155,100	2.99%	\$522	11.3%	\$55,454	\$25,078	221.1
	West	\$248,200	2.99%	\$836	15.8%	\$63,692	\$40,131	158.7
<b>3.99% 30-year Fixed Mortgage</b>								
	United States	\$180,800	3.99%	\$690	13.6%	\$60,949	\$33,106	184.1
	Northeast	\$265,900	3.99%	\$1,014	17.7%	\$68,791	\$48,688	141.3
	Midwest	\$140,100	3.99%	\$534	10.4%	\$61,868	\$25,653	241.2
	South	\$155,100	3.99%	\$592	12.8%	\$55,454	\$28,400	195.3
	West	\$248,200	3.99%	\$947	17.8%	\$63,692	\$45,447	140.1

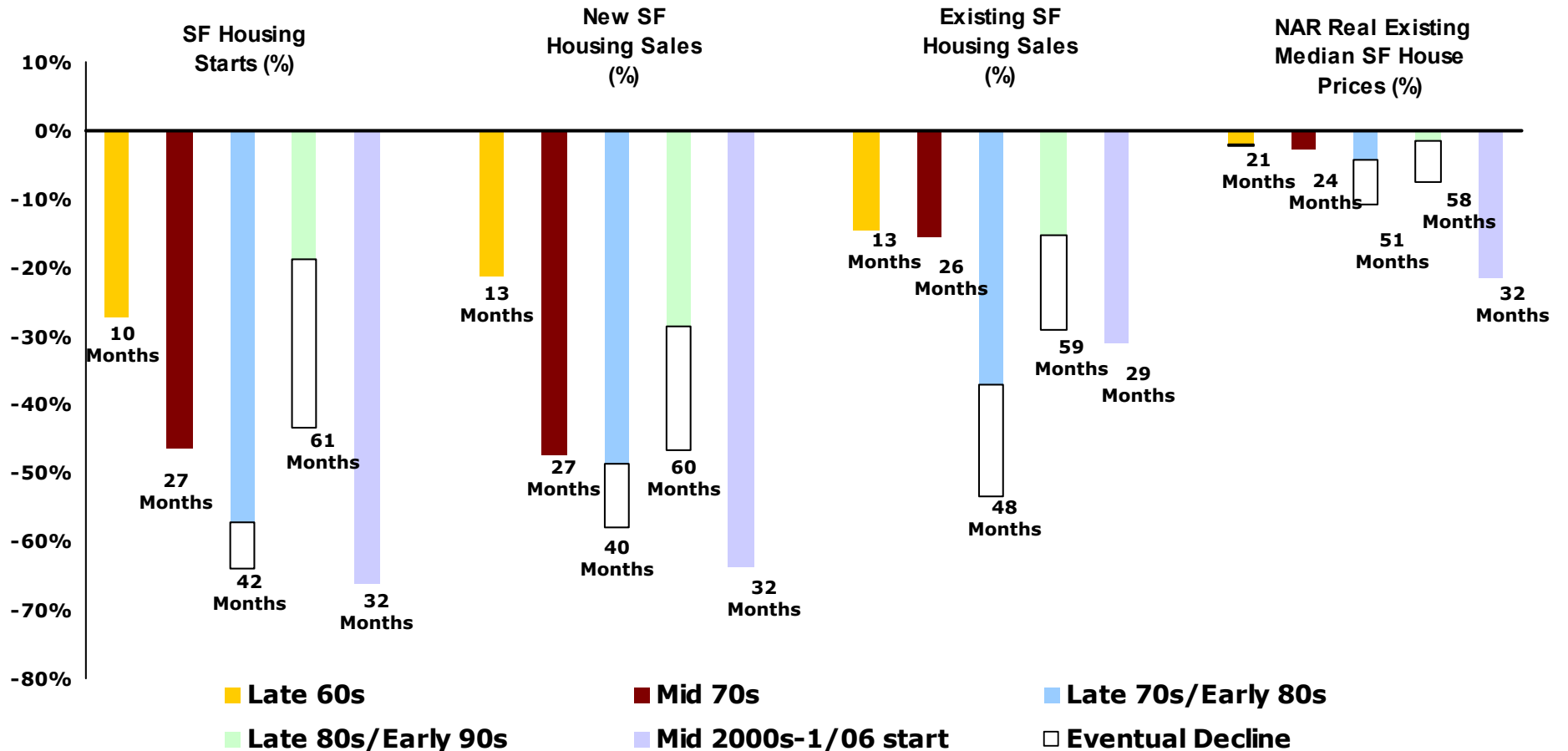
Source: 2000 - 2004 data from Joint Center for Housing Studies of Harvard University.

Source: National Association of REALTORS®<sup>1</sup>, Freddie Mac<sup>2</sup> and US Census Bureau<sup>3</sup>.

\*Based on a 25% qualifying ratio for monthly housing expense to gross monthly income with a 20% down payment.

# Downturn is sharp, deep and maybe worst since WWII

**Total Percent Decline From Peaks to Trough or Lowest Subsequent Level 32 Months After Starts Peak**



Notes: Three-month moving averages. Current cycle reflects data through September 2008. Individual Measure Peaks.

Updated 11.19.08

Sources: US Census Bureau; BEA; NAR; FHFB