McAuliffe administration seeks extra $110 million to boost services for disabled

Virginia Gov. Terry McAuliffe (D) delivers his State of the Commonwealth Address before a joint session of the 2016 Virginia Assembly at the Capitol in Richmond on Jan. 13, 2016. Sitting behind McAuliffe are Lt. Gov Ralph Northam, top left, House Speaker William J. Howell (R-Stafford), center, and Senate President Pro Tem Stephen D. Newman (R-Lynchburg). (Steve Helber/AP)

Virginia Gov. Terry McAuliffe’s administration is seeking an extra $110 million over the next three years to provide more services to residents with severe disabilities to comply with a federal court settlement.

The money would intensify the state’s efforts to move people off a waiting list for services that currently has about 10,100 names. It would fund 855 Medicaid waivers for residents who do not have them and pay for an overhaul of how the state awards those waivers to better prioritize services for people in immediate need of aid.

The state Department of Behavioral Health & Developmental Services (DBHDS) also plans to expand the services it offers to families of the disabled who are in crisis; shut four state-run institutions; and finance the construction of more homes or apartments for the disabled in communities where those facilities are in short supply.

“This will be a really significant step forward,” said Jack Barber, interim commissioner of the state agency for people with disabilities. “It will be very significant in moving us into compliance with the settlement agreement, but more importantly, providing the kinds of services in integrated settings that we want to provide.”

Virginia has struggled to comply with the terms of a 2012 federal court settlement that, based on the Americans With Disabilities Act, requires the state to offer more opportunities for people with disabilities to live and work in community environments rather than in institutional settings.

[Justice Dept: Virginia not trying hard enough to reform disabilities services]

Last fall, U.S. District Court Judge John A. Gibney threatened to appoint a receiver to take over the state’s role in making the changes after federal attorneys highlighted several areas in the 10-year settlement agreement where the state is far behind. Those areas included finding ways to move severely disabled children out of large institutions and into smaller group homes or back to their families, with appropriate support.

State and federal attorneys have since agreed to a series of timelines for program changes that hinge largely on the McAuliffe administration’s new funding request, the Justice Department said in a court filing earlier this month.

That means the state’s ability to comply rests mostly with the Republican lawmakers who control both houses of the General Assembly and whose leaders say they have been waiting for the McAuliffe administration to unveil its reform plan so they can move forward.
Legislative leaders say they support the Democratic governor’s proposed changes and are pushing to fund even more Medicaid waivers for those with disabilities — possibly at the expense of other state programs that McAuliffe also favors.

“I’ll push for this to be a priority, and I think some of the other items we’ll look at will obviously be a lower priority for me,” said House Majority Leader M. Kirkland Cox (R-Colonial Heights).

As an example, he said, the state could take at least $10 million that McAuliffe wants to use to address food deserts in Virginia and reallocate it to fund the request for disability services.

McAuliffe has proposed spending $86 million over two years on revamping the state’s system of Medicaid waivers, which currently covers about 12,000 people with disabilities.

In July, DBHDS officials are preparing to roll out a new system for awarding Medicaid waivers, and they want to expand the number of people covered by waivers to about 16,000 by 2021 — about 2,000 more than what the court settlement mandates.

The redesigned waivers will cover a wider array of services than the current waivers, making it easier for people to receive care at home or in smaller group settings, DBHDS officials said. They’ll also offer reimbursement rates that are, on average, 5.4 percent higher than what care providers are now paid.

The agency plans to trim the waitlist of people seeking Medicaid waivers by dividing that group into three tiers of need. The list has largely been first come, first served.

First priority under the new system would go to the roughly 3,100 people who require services right away, many of them former students who’ve recently finished school and therefore aged out of other state-provided subsidies. Next would come about 2,500 people who would need Medicaid-funded services in the next two to five years.

Final priority would go to the 4,100 people, many of them children, who don’t expect to need a waiver for at least five years but whose families have put them on the waitlist just in case.

Local government community service boards, which facilitate services for the disabled, will determine who falls into which tier, DBHDS officials said.

“We need to consolidate this into a better system,” Barber said. “Assuming all the slots in the next five years come on, we’ll be a lot closer to taking care of who needs a waiver when they need it and have a much better idea of what the future needs may be.”

Advocates for people with disabilities argue that more should be done to deal with the waitlist problem — and some Republican lawmakers agree.

Jamie Liban, executive director of The Arc of Virginia nonprofit group, and other advocates point out that since the settlement was signed, about 3,000 more people with disabilities have been added to the state’s waitlist for Medicaid vouchers. Diagnoses for autism and other ailments are becoming more common, advocates say, and people with disabilities are living longer, which adds to the need for vouchers.
“If they only do the minimum of what the settlement requires, the waiting list will continue to grow,” Liban said.

Republican state legislators introduced a series of budget amendments last week that would offer several thousand new Medicaid waivers over the next two years to people on the waitlist who are able to live alone or with family or friends.

One amendment — sponsored by Sen. Emmett W. Hanger Jr. (R-Augusta), co-chairman of the Senate Finance Committee — would create 5,000 Medicaid waivers for functionally independent people on the waitlist who are already receiving aid from another state program or near the top of the list.

State Sen. Adam P. Ebbin (D-Alexandria) is among a handful of Democrats who signed on to co-sponsor that amendment, which estimates that $42 million would be needed to fund the new waivers.

Ebbin said he was unsure of how the new waivers could be financed but argued that the money should come from new taxes for yacht owners or people who buy e-cigarettes — ideas Republicans have opposed.

“This is a serious matter that needs to be funded,” Ebbin said. “These are families who need help, and the backup is too great.”
Virginia reaches $63 million settlement with 11 banks for RMBS fraud

RBS, Barclays, others accused of defrauding state’s retirement system

The Commonwealth of Virginia announced Friday that it reached a “record” settlement with 11 banks over allegations that the banks defrauded the state’s retirement system by allegedly misrepresenting the quality of residential mortgage-backed securities in the run-up to the financial crisis.

According to the office of Virginia Attorney General Mark Herring, the $63 million settlement is the largest non-healthcare-related recovery ever obtained in a suit alleging violations of the Virginia Fraud Against Taxpayers Act.

Herring’s office said that the settlement resolves all claims against the 11 banks that were accused of “harming” the Virginia Retirement System, Virginia’s taxpayers, and the pensioners of Commonwealth through “misrepresentation” of the quality of mortgage bonds sold to the VRS.

According to Herring’s office, the banks did not admit liability, and Virginia has dismissed the claims against the defendants with prejudice, in exchange for settlements of the following amounts:

- Countrywide Securities Corporation and Merrill Lynch, Pierce, Fenner & Smith, Inc. (combined): $19,500,000
- RBS Securities: $10,000,000
- Barclays Capital: $9,000,000
- Morgan Stanley & Co.: $6,900,000
- Deutsche Bank Securities: $5,621,897
- Citigroup Global Markets: $4,750,000
- Goldman, Sachs & Co.: $2,900,000
- HSBC Securities: $2,500,000
- Credit Suisse Securities: $1,200,000
- UBS Securities: $850,000

According to Herring’s office, Virginia initially sought to recover $383 million in alleged damages, including $250.66 million of realized losses.

"This case breaks new ground for Virginia, recovering millions for Virginia taxpayers from banks that we alleged had misrepresented the products they sold to the Commonwealth," Herring said. "Today's settlement, which represents significant relief to VRS, taxpayers and pensioners of the Commonwealth, is one of the largest of its kind in the nation."
Virginia to receive more than $120.5 million from National Disaster Resilience Competition

~ Funding will address sea level rise and recurrent flooding ~

RICHMOND - Governor Terry McAuliffe joined U.S. Secretary of Housing and Urban Development (HUD) Julian Castro to announce that Virginia will receive more than $120.5 million through HUD’s National Disaster Resilience Competition (NDRC).

Speaking about today’s announcement at an event in Norfolk, Governor McAuliffe said, “These funds will significantly aid our work to protect the economic vitality and quality of life in areas like Hampton Roads by preparing now for the real impacts of climate change and sea level rise. I want to thank HUD for this important grant and all of the Virginia leaders, including Senators Mark Warner and Tim Kaine, who advocated for our application. I look forward to working with our federal, state and local partners to prepare every community to meet these historic challenges.”

Virginia competed with 40 other communities nationwide affected by natural disasters in recent years for funding from HUD’s $1 billion competition. The competition will fund the implementation of innovative resilience projects to better prepare communities for future storms and other extreme events, including climate change.

“This federal funding is great news for Hampton Roads and a testament to the hard work of the region’s municipalities, academic institutions like ODU and VIMS, Naval Station Norfolk, and leaders across the Commonwealth,” said Senator Tim Kaine. “I’m proud of the bipartisan work we’ve done to address the impacts of sea level rise in Hampton Roads, and I’ll continue serving as a loud voice in the Senate on the importance of combatting climate change before its effects on our communities and military installations become even more extreme.”

“Sea levels are rising faster in Norfolk than almost anywhere else in the U.S., and recurrent flooding continues to damage the communities and homes in the region,” Senator Warner said. “By helping communities incorporate innovative policies to address the many challenges presented by extreme weather, we can create long-lasting resilience to protect Hampton Roads against the very real threat of climate change.”

“As home to some of the largest military installations in the world, Hampton Roads must remain prepared and vigilant to deal with the risks associated with living on a coast,” said Congressman Scott Rigell. “I appreciate the partnership among state, local, national and private-sector leaders to ensure that our region remains the best place to open or grow a command or business. I am glad this urgent matter has received bipartisan attention.”

“This federal grant is a down payment toward preparing for and alleviating the risk of climate change to Hampton Roads,” added Congressman Robert C. “Bobby” Scott. “Our success in securing this critical federal funding demonstrates that by working together, our Commonwealth will be able to meet this challenge.”
In November 2015, Kaine, Warner, Scott and Rigell sent a bipartisan letter to the Department of Housing and Urban Development in support of Virginia’s application for NDRC grant funding.

Throughout the NDRC application process, Virginia created an innovative living-with-water approach called “thRIVe: Resilience in Virginia.” The goal of this plan is to unite the region, create coastal resilience, build water management solutions, improve economic vitality and strengthen vulnerable neighborhoods. This comprehensive approach is designed to capitalize on the region’s strengths, convert risks and vulnerabilities into economic opportunities, and demonstrate best practices for at-risk areas nationwide. Participation in Virginia’s effort has been broadly based, bringing together multiple state and federal agencies, local governments, institutions of higher education, community groups, residents and private-sector partners.

“Resilience, like homeland security, is a ‘whole of community’ endeavor,” said Virginia’s Chief Resilience Officer and Secretary of Public Safety and Homeland Security Brian Moran. “I am very proud of the multidisciplinary, multijurisdictional team that worked throughout 2015 to develop this winning grant application.”

“These funds will enable much-needed resilience strategies at the local and regional level that we hope to replicate throughout the Commonwealth,” said Secretary of Natural Resources Molly Ward. “I am proud that this collaborative effort will produce real solutions to some of the most pressing problems that climate change presents.”

“An essential quality for sustained growth in any community is resiliency,” said Secretary of Commerce and Trade Maurice Jones. “We are excited about this announcement, as it will enable us to continue to work on positioning our communities to withstand challenges and to further economic growth.”
**Fitch: Six housing predictions for 2016**

**Where are home prices, mortgage rates going this year?**

There’s **general consensus** that mortgage interest rates are going to rise in 2016 after the **Federal Open Market Committee** announced in December that it is increasing the federal funds rate for the first time since June 2006.

But just how much interest rates are going to increase is a different story.

A new report from **Fitch Ratings** also posits that interest rates will increase in 2016, but expects that the increase will force lenders to further open the credit box, especially as the refinance volume is likely to “dry up” in a rising rate environment.

Here’s what Fitch thinks interest rates will do in 2016:

“By the end of 2016 Fitch expects mortgage rates to rise by between 25-50 basis points, with the possibility of upside risk emerging as the Fed raises rates to 1.25%. The increase in mortgage rates will incentivize lenders to broaden loan eligibility requirements, as refinance volume is likely to dry up.”

And here are five more housing predictions from Fitch.

**1. House prices will experience slow but steady growth**

U.S. home prices will grow by 4.5% in 2016 and nominal prices will approach levels reached during the 2006 housing bubble, Fitch Ratings says in its report.

“U.S. prices appear more sustainable than a decade ago. Since then, the country's population has increased by over 20 million people and total gross income is up by roughly 25% in nominal terms,” Fitch writes.

“When adjusted for inflation, U.S. home prices remain more than 20% below their 2006 peak levels,” Fitch continues. “And new home construction in the U.S. is rebounding from its post-crisis lows but remains below long-term historical averages.”

**2. Declines are expected in affordability**

Continued strong home price growth and upward pressure on mortgage rates are likely to reduce affordability in 2016, particularly in large metropolitan areas in states such as California, where affordability has fallen by more than 20% since 2011, Fitch states in its report.

“California and Texas may experience a softening in their housing markets, though large downturns are unlikely,” Fitch writes. “The fall in commodities prices could also put further downward pressure on Texas home prices.”

Fitch also states that affordability in many other parts of the country remains high, relative to historical averages, but tight credit conditions limit the number of potential buyers.
3. The recovery in mortgage performance will continue

According to Fitch’s report, serious delinquency rates for all private-label non-agency legacy loans have fallen to 2009 levels. And this trend is expected to continue in 2016.

Additionally, Fitch reports that the performance of non-agency securitized loans that were originated after the crisis remains “excellent.” Of the more than 40,000 loans securitized in prime residential mortgage-backed securities since 2010, only four loans have entered the foreclosure process, Fitch said.

Fitch said its expects these trends within legacy and post-crisis pools to continue through 2016, supported by a stable housing market.

4. Mortgage volume will decrease thanks to rising rates and prices

Fitch’s report states that new lending volume is expected to decline 10% in 2016, as high prices and upward interest rate pressure weigh on a recovering market.

Fitch notes that interest rates are still near historic lows, empowering most able borrowers to have refinanced.

“Borrowers who have struggled to access credit in the recent tight underwriting environment may see more opportunities in 2016, as lenders potentially loosen eligibility requirements to compensate for declining refinance volumes,” Fitch writes in its report.

“Fitch expects that overall lending volumes will decline in 2016, although it is possible that US RMBS securitization volume could increase, as credit expansion and a flatter yield curve reduce the incentive for lenders to retain loans on their balance sheets,” Fitch continues.

5. Prepayments will enter a new era, falling below historical averages

Fitch notes that although it is difficult to predict the timing of further interest rate increases with much certainty, interest rates will inevitably increase, which would lead to a “significant slowdown” in prepayments.

“With roughly 70% of RMBS borrowers locked into a low, long-term fixed rate, or an adjustable rate mortgage that has been modified into a fixed rate, the market will likely enter a sustained period where prepayment rates fall below historical averages,” Fitch notes.
HUD Issues Fair Housing Assessment Tool for Local Governments, Data Mapping Tool, and Other Fair Housing Resources

HUD published the final Assessment Tool that local governments will use to prepare their Assessments of Fair Housing (AFH) under HUD’s Affirmatively Furthering Fair Housing (AFFH) rule. As NCSHA has reported previously, HUD will develop separate assessment tools for states, insular areas, and public housing agencies to account for the distinctions between different types of HUD program participants.

The AFH replaces the Analysis of Impediments requirement, which HUD program participants previously undertook to assess impediments to housing choice. The local government Assessment Tool consists of instructions and a series of questions that will guide local governments through the development of their AFH and help them identify racially and ethnically concentrated areas of poverty, patters of integration and segregation, disparities in access to opportunity, and disproportionate housing needs.

HUD also published an updated AFFH Data and Mapping Tool, which includes both geospatial maps and data in tabular format to help program participants as they develop their AFH, including an interactive Query Tool that will allow users to sort and export data. Local jurisdictions will need to use "local data and local knowledge" to supplement the uniform national data HUD is providing. However, according to the AFFH final rule, HUD will require program participants to supplement HUD data only with additional local data that is readily available at little or no cost, including in terms of staff time.

In addition, HUD released its AFFH Rule Guidebook, which provides additional guidance on the AFFH rule and how to complete an AFH, and a webcast providing an overview of AFFH.

We expect HUD to release the draft state Assessment Tool soon. Though HUD intends to design the state Assessment Tool to consider the unique challenges faced by states, including planning to affirmatively further fair housing across large and diverse areas, NCSHA encourages HFAs to review the local Assessment Tool to get an understanding of the AFH process and become familiar with the functionality of the Data and Mapping Tool.

The AFFH final rule requires states to submit their first AFH 270 days prior to the start of the program year in which their next consolidated plan is due on or after January 1, 2018. For example, if a state's consolidated plan is due at the start of 2018, its AFH would be due to HUD in April of 2017. However, this schedule may be delayed depending on when HUD completes the final Assessment Tool for states, as the AFFH rule also requires HUD to provide program participants at least 270 days to complete their first AFH after the publication of their Assessment Tool. For example, if HUD publishes the final state Assessment Tool on October 1, 2016, the earliest any state would be required to submit an AFH would be June 27, 2017 (270 days after October 1). HUD's Adam Norlander, who works on the implementation of the AFFH rule in the Office of Community Planning and Development, told participants at NCSHA's HFA Institute that given the schedule of state consolidated plan due dates, most states will not conduct an AFH until 2019.

Note: Even though the AFFH planning requirements remain in the future, VHDA is, nonetheless, subject to disparate impact challenges per the Supreme Court’s ruling.
Richmond is the nation’s fourth hottest housing market in 2016

Church Hill was among the hottest neighborhoods in Richmond, according to a Zillow prediction, with a forecast of 6.7 percent in home value growth in 2016.

Richmond scored as the nation’s fourth-hottest housing market in 2016 in a prediction released Tuesday by Zillow, a real estate and rental data firm.

Denver, Seattle and Dallas-Fort Worth top the list, based on home value appreciation, current unemployment rates and recent income growth. All are major tech towns, ideal for job growth, according to the prediction.

Richmond scored lower in the forecast for home value appreciation — 2.2 percent this year — than the 10 hottest markets but strongest in income growth at 1.2 percent and lower than three other cities with an unemployment rate of 4.4 percent.

A strong and diverse economy is the driving force behind Richmond’s high income growth, with government, finance, education and manufacturing strong and expected to continue in 2016, according to the report.

The hottest neighborhoods here, according to the prediction, are all in the city: Church Hill, with a forecast of 6.7 percent in home value growth; followed by Carytown with a 5.3 percent home value growth; the Fan District at a 4.8 percent growth; northern Barton Heights with a 4.7 percent growth; and Forest Hill Terrace at 4.6 percent.

“Trendy tech centers like San Francisco, Seattle and Denver hogged the spotlight in 2015. But this year, the markets that shine brightest will be those that manage to strike a good balance between strong income growth, low unemployment and solid home value appreciation,” said Zillow’s chief economist, Svenja Gudell.

“As the job market continues to hum and opportunity becomes more widespread, the best housing markets are no longer limited to the coasts or one-industry tech towns. This year’s hottest markets have something for everyone, whether they’re looking for somewhere to raise a family or start their career.”

Rounding out the top 10 housing markets by Zillow for 2016 are Boise, Idaho; Ogden, Utah; Salt Lake City; Omaha, Neb.; Sacramento, Calif., and Portland, Ore.

Omaha has the lowest unemployment rate of the 10 hottest markets, at 2.9 percent. Denver saw home values rise 16 percent in 2015, and Zillow is forecasting them to rise an additional 5 percent in 2016.

Boise, Ogden, Salt Lake City and Sacramento all have high home value appreciation forecasts, with values expected to appreciate an average of about 5 percent this year.
Fannie Mae: Housing affordability will continue to be a challenge in 2016

Income growth, eased lending standards coming, but so are price increases

The economy will continue growing, mortgage lending standards will ease and household income will rise in 2016, but housing affordability will continue be a challenge thanks to the continued increase in house prices, Fannie Mae said in a new report.

According to Fannie Mae’s Economic & Strategic Research Group, the themes for the economy and housing market in 2016 focus on the “challenge of housing affordability coupled with expected modest economic growth, as the expansion progresses through its seventh year.”

In its report, Fannie Mae’s Economic & Strategic Research Group states that it expects that further labor market tightening will lead to increased household income and job security amid more relaxed lending standards and easier access to mortgage credit throughout 2016.

But strong home price gains, especially in the lower-end of the market, will continue to outpace household income growth, which, in turn, will negatively affect affordability, Fannie Mae said.

Additionally, Fannie Mae said consumer spending is expected to support economic growth again in 2016, while residential investment and government spending should help drive growth despite some drag from net exports.

Overall, the ESR Group said that it expects the economy to grow 2.2% for all of 2016, with China’s deteriorating economic activity, a stronger dollar, geopolitical turmoil, and uncertainty about monetary policy remaining as risks to the outlook.

“We ended 2015 with a positive jobs report, an annual record high for auto sales, and the housing market poised to be the strongest since 2007,” said Fannie Mae Chief Economist Doug Duncan.

“The first Fed funds rate hike since 2006 has had a minimal impact on mortgage interest rates so far, and we believe mortgage rates will edge up only gradually, ending the year around 4.2%,” Duncan continued.

“Despite our expectation of only a small rise in mortgage rates, home price and income dynamics should inhibit home purchase affordability,” Duncan said.

“In addition, continued rent increases will hinder renters’ ability to save for down payments,” he continued. “Therefore we believe the pace of improvement in total home sales should moderate to 4% in 2016. However, we expect the increase in single-family starts to accelerate to 17% this year, if easing housing supply shortages and a continued strong pace of household formation pan out.”
The DOJ Hearing Scheduled for Tuesday, January 12 Has Been Canceled

The U.S. Department of Justice and the Commonwealth of Virginia are currently negotiating specific implementation schedules, including time frames, interim steps, and performance indicators, for specific areas of the agreement. The Honorable John Gibney, the federal judge presiding over implementation of the agreement, posted the following:

UNITED STATES’ WITHDRAWAL OF MOTION FOR A COURT-ORDERED SCHEDULE AND JOINT SUBMISSION OF SCHEDULES

“Pending before this Court is the United States’ Statement of Issues and Motion for Court-Ordered Schedule, ECF No. 186 (“Motion for Schedule”). In that motion, the United States described its concerns about delays in the implementation of the Settlement Agreement, ECF No. 112, August 23, 2012 (“Agreement”), including delays in developing a functional crisis system, integrated day and supported employment programs, and integrated housing. Id. at 1-2. The United States’ concerns were amplified by delays in the Commonwealth of Virginia’s restructuring of its Home and Community-Based Services Waivers (“HCBS Waivers”). Although not required by the Agreement, this restructuring is a strategy presented by the Commonwealth to achieve compliance with many of the Agreement’s provisions. Defendant’s Response to the United States’ and Intervenors’ Statements of Issues and in Opposition to the United States’ Motion for Court-Ordered Schedule, ECF No. 191, at 3. Consequently, the United States requested in the motion that the Court require the Commonwealth to provide a schedule setting out reasonable time frames for implementation of the Agreement’s provisions, consistent with the Agreement’s underlying requirements. Motion for Schedule at 3, 29.

At a public status conference on October 23, 2015, addressing the implementation of the Agreement, the Court set a hearing for the Motion for Schedule but encouraged the United States and the Commonwealth to address the issues underlying the motion and determine whether further proceedings were necessary. Since the October hearing, the Commonwealth and the United States have held numerous discussions and have reached agreement on specific implementation schedules, including time frames, interim steps, and performance indicators, for four discrete areas of the Agreement that the United States highlighted in its Motion for Schedule: Supported Employment, Community Engagement (i.e., “Integrated Day”), Crisis Services for Adults, and Crisis Services for Children. The Commonwealth and the United States jointly submit these schedules as Attachment A hereto. The Parties hereto do not intend for these schedules to be modifications or addenda to the Agreement, or entered as court orders at this time. However, the Parties agree that, if implemented, these schedules should significantly facilitate implementation of the Agreement itself.

Moreover, the Parties have committed to continue to negotiate schedules for the remaining areas identified in the United States’ motion, including: integrated housing options, children in nursing facilities and large intermediate care facilities, individuals with complex medical needs, and quality and risk management. The Parties intend to submit similar implementation schedules for those areas during the next several months. In addition, since the October hearing, the Commonwealth has submitted a budget to the General Assembly that, if approved, should enable the Commonwealth to proceed with
the restructuring of its HCBS Waivers to help continue efforts to implement the Agreement. In light of the foregoing, the United States submits that proceedings at this time on the United States’ pending Motion for Schedule are not necessary, and the United States herewith withdraws its Motion for Schedule without prejudice. However, the United States may renew its motion if anticipated progress fails to occur.”
What’s Ahead in the Housing Market for 2016?

We all have a big financial stake in housing — as homeowners, renters, landlords and/or taxpayers.

Let’s consider the major macroeconomic trends in 2016 that will significantly impact those stakes.

● Homeowners should enjoy another year of solid gains in house prices. Prices have been moving steadily higher since the housing bust hit bottom four years ago and should post another gain in the middle single digits. With a bit of luck, prices nationwide could reach close to the all-time peaks seen in the housing bubble a decade ago.

This time, however, house prices are on very solid foundations; they are supported by homeowners’ incomes. In the bubble, too many of us got into homes we couldn’t afford by committing to mortgages that made no financial sense. Of course, millions defaulted on these loans, resulting in the financial crisis and the Great Recession.

No one is getting crazy mortgages today. Regulatory changes in the wake of the crisis and chastened (thus much more cautious) mortgage lenders make that all but impossible.

The financial affliction of negative homeowners’ equity, in which the house is worth less than the mortgage due, is fast fading. At the worst of the problem, close to 17 million homeowners were underwater. By the end of 2016, that should be down to a more typical 5 million homeowners.

Market conditions should be good for owners looking to sell their homes. The historically low number of new and existing homes for sale makes it even more of a seller’s market. Many homeowners appear to have a psychological antipathy to selling until prices have fully recovered from the bust, so this could be an auspicious time for those willing to sell.

Home-buyers have to grapple with the higher prices and lack of inventory, but they should benefit from an improving job market, continued low mortgage rates and easier credit. With the economy set to achieve full employment in coming months, the so-far lackluster wage growth is picking up. Fixed mortgage rates are unlikely to stay below 4 percent for much longer, but they don’t appear set to rise sharply either.

● First-time home-buyers, in particular, should have an easier go of it. The Federal Housing Administration, the government agency that primarily helps first-timers get mortgages, cut its fees last year and may do so again soon as its finances continue to improve.

Fannie Mae and Freddie Mac, the big mortgage lenders owned by taxpayers since the crisis, are also working to lower the high credit bar many potential buyers have struggled to get over. The credit scores that borrowers need to get a loan are still very high by historical standards, but they have finally begun to normalize.

● For renters, 2016 will be a difficult year, as rents continue to rise strongly in most parts of the country. The problem is that demand for rental units has been outstripping supply, and vacancy rates are now
about as low as they have been in 30 years. Fueling demand are the millennials who are finally finding jobs and striking out on their own, along with households that have lost their homes in foreclosure, and more empty-nesters looking to downsize and simplify.

Builders are ramping up construction of apartments, but in most places they still aren’t meeting the demand, especially for affordable rental units in urban centers. Rents will continue to rise strongly.

● It is worth noting that builders have also been slow to increase construction of new single-family houses, which are also in increasingly short supply. Housing has swung from being vastly oversupplied in the bust to being in what more and more is a shortage. This is a problem mainly for affordable, starter homes.

Of course, quickly rising rents are a boon to landlords. It’s no exaggeration to say that 2016 may be the best year ever for those fortunate enough to own multifamily property. Vacancy rates are low, rents high, and prices for apartment complexes have never been better. Wealthy foreign investors from places including China and Germany are clamoring to own U.S. real estate.

[How shifting home values are reshaping the Washington area]

● In general, taxpayers should be pleased with 2016 as they reduce their support to the housing market. During the crisis, the government had no choice but to step into the void left by the failing financial system and ensure that homeowners could still get a mortgage. Thus, taxpayers’ takeover of Fannie and Freddie; they are too big to fail.

Fannie and Freddie will remain under government stewardship for the foreseeable future, but they are selling to private financial institutions more of the risk that they take on when backstopping mortgage loans. This risk-sharing could be expanded even more, as private investors seem very interested in taking on more risk, and Fan and Fred should oblige.

To sum up, homeowners, landlords and taxpayers should have a good 2016; renters, not so much. Gauging trends in housing is often an intrepid affair, but these trends seem firmly in place for the coming year.

Zandi is the chief economist at Moody’s Analytics.