

MULTI-FAMILY HOUSING

The Federal Role

David L. Horne

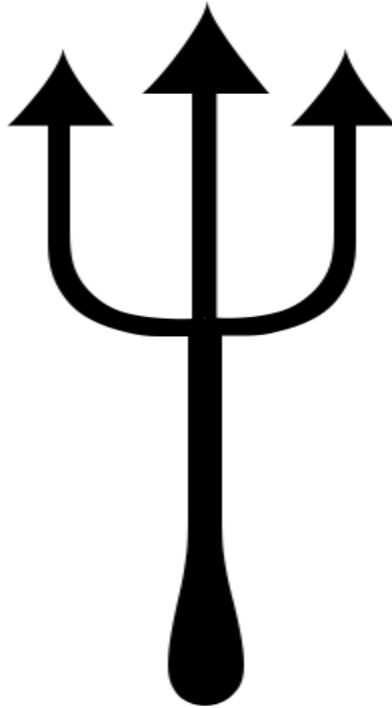
April 19, 2017

A Three-Pronged Crisis

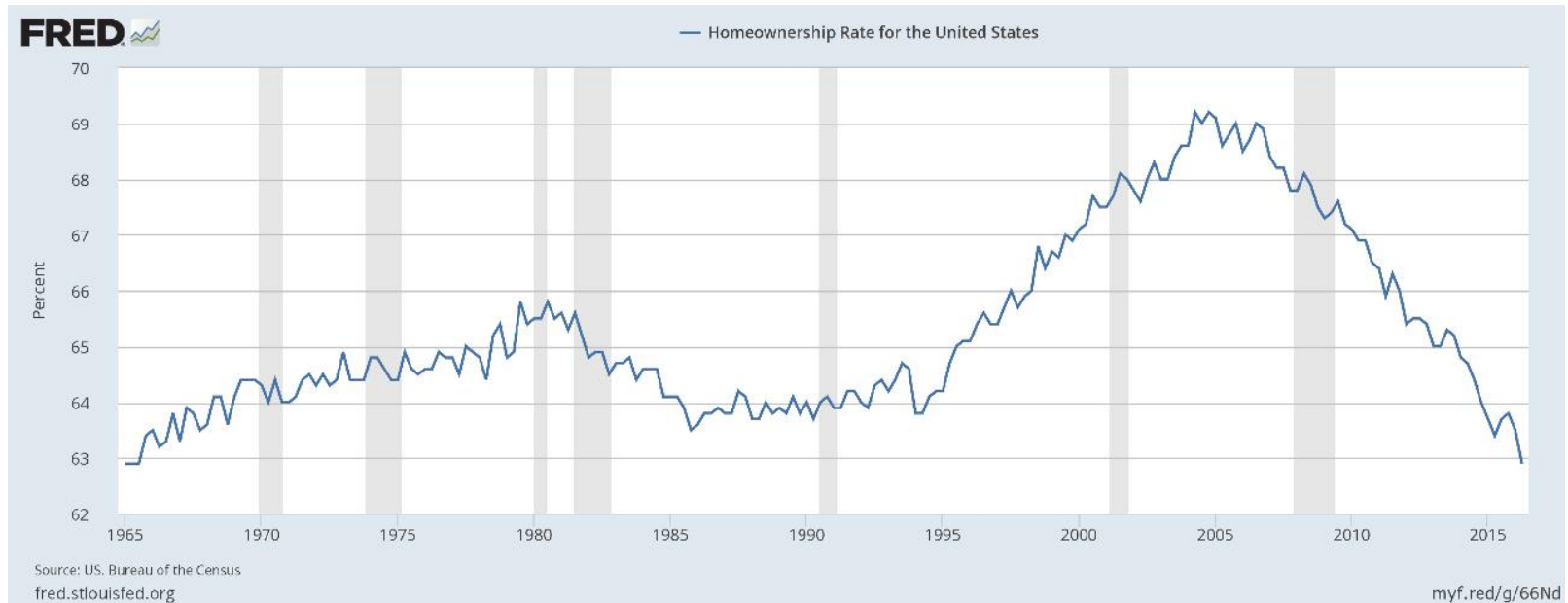
Homeownership is Down

Rental Housing

Affordable Housing



Homeownership is Down



“If you want to get the economy moving, housing is typically the flywheel.” – Ken Rosen; Chairman of the Fisher Center for Real Estate and Urban Economics, UC Berkeley.



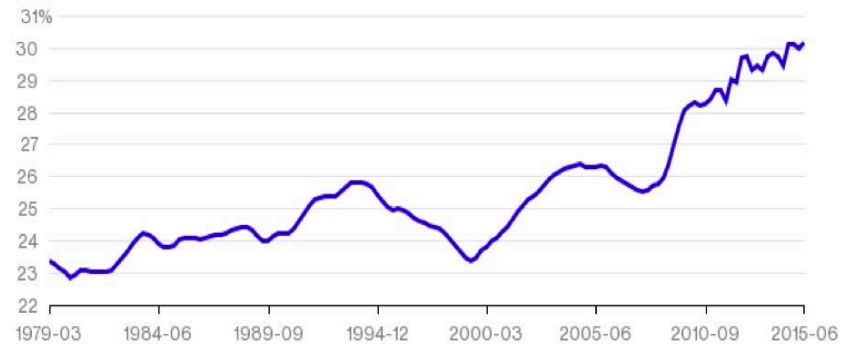
Rental Housing Crisis

Nearly 11 million families spend more than half their income on rent, making it tougher to save for a down payment to buy a home.

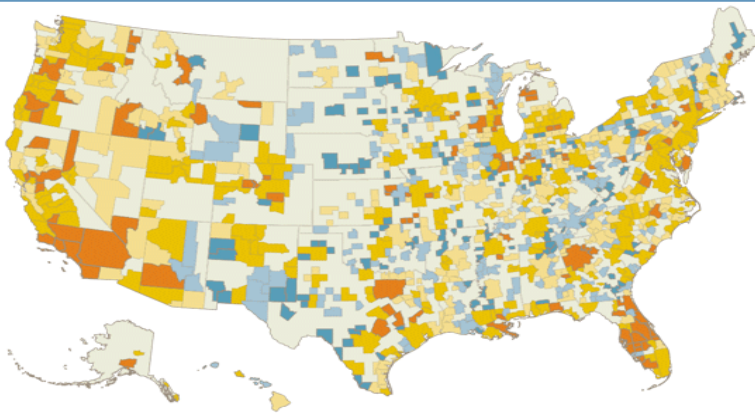
The Affordability Crunch

Rents have never taken up this much of the American paycheck

■ U.S. Rent as Share of Income



In Most of the Country, a Large Majority of Lowest-Income Renters are Cost Burdened



Share of Renters with Incomes Under \$15,000 with Severe Burdens (Percent)

● 25-49 ● 50-59 ● 60-69 ● 70-79 ● 80-99

Notes: Severely cost-burdened households pay more than 50% of income for housing. Data are for core based statistical areas (CBSAs).
Source: JCHS tabulations US Census Bureau, 2014 American Community Survey 1-Year Estimates.

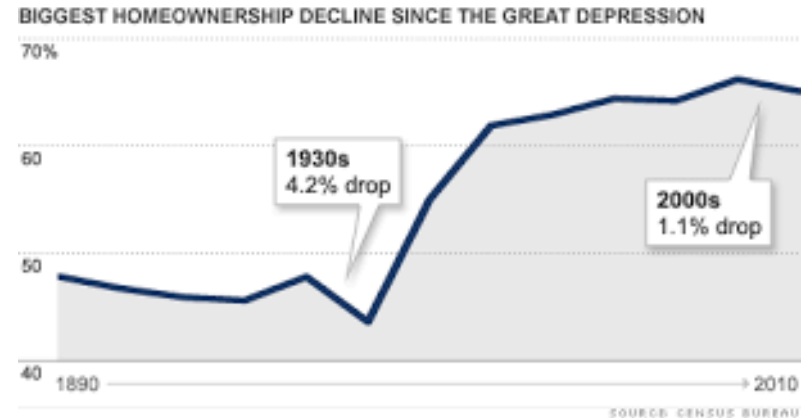
“The lack of affordable housing options forces cost-burdened renters to sacrifice other basic needs, settle for inadequate living conditions, and/or face housing instability—all with serious immediate and long-term consequences.” – Harvard Joint Center for Housing Studies.

Affordable Housing Crisis

The Harvard Joint Center for Housing Studies; December 2016:

In the face of the decade-long decline in homeownership, considerable uncertainty continues to exist about both the factors that have contributed to the decline and the homeownership rate's future trajectory. Discussions of the homeownership rate's decline point to multiple contributing factors, including:

- *high foreclosure rates,*
- *tightening credit standards,*
- *falling household incomes following the Great Recession,*
- *increasing student loan debt,*
- *rising rental housing costs,*
- *and changes in households' preferences and attitudes toward homeownership and renting.*



“There is a rental affordability crisis in the United States,” Julian Castro, former HUD Secretary.

According to the **Bureau of Labor Statistics**, average rent has increased 66 percent since 2000, while wages have only increased 34 percent.

What Will the Administration Do?

What Can the Administration Do?



Addressing the Crises...



"I have actually in my life understood what housing insecurity was..."

Dr. Ben Carson; Secretary, Department of Housing and Urban Development

?

Federal Housing Administration Commissioner

?

Ginnie Mae President

Prospects for Legislation?



Rep. Jeb Hensarling;
Chairman
House Financial
Services Committee
Mesquite, TX (5th
District)



Rep. Maxine Waters;
Ranking Member
House Financial Services
Committee
Los Angeles, CA (43rd
District)



Rep. Sean Duffy; Chairman
Housing and Insurance
Subcommittee
Wausau, WI (7th District)



Rep. Emanuel Cleaver;
Ranking Member
Housing and Insurance
Subcommittee
Kansas City, MO (5th District)

Prospects for Legislation?



Sen. Mike Crapo;
Chairman
Senate Banking,
Housing, and Urban
Affairs Committee
Idaho



Sen. Sherrod Brown
Ranking Member
Senate Banking, Housing,
and Urban Affairs
Committee
Ohio



Sen. Tim Scott; Chairman
Housing, Transportation,
and Community
Development Subcommittee
South Carolina



Sen. Robert Menendez;
Ranking Member
Housing, Transportation, and
Community Development
Subcommittee
New Jersey

Tax Reform



*Who is
at the
table?*



*How do they pay for
tax cuts without
"Repeal & Replace"
health care
legislation?*



*How does reform
impact the rental
market?*

*Where is the low-
income housing
tax credit?*

1986...?

The future is like a box of chocolates...



STATUS QUO