



**Affordable Conference
on Affordable Cohousing**

Simple Series 2020

Feb 22, 2020

9am - 3 pm Pac, 12pm - 6pm East

David M. Dworkin
President and CEO
National Housing Conference

Who We Are

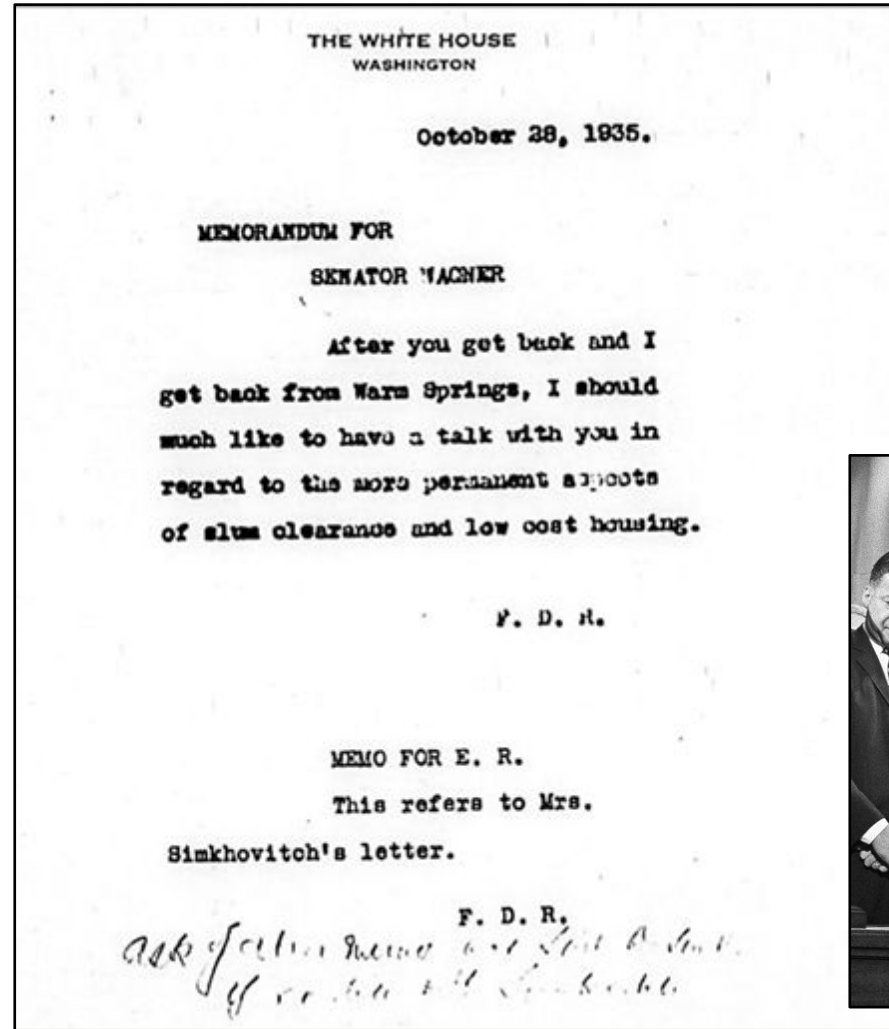
270 Members and growing

Council of Federal Home Loan Banks
 Federal Home Loan Bank of Chicago
 JP Morgan Chase
 Wells Fargo Bank
 Bank of America
 Mortgage Bankers Association
 National Alliance for Fair Housing
 National Association of Affordable Housing Lenders
 National Association of Home Builders
 National Council of State Housing Agencies
 National Multifamily Housing Council
 National Low Income Housing Coalit
 National Association of REALTORS
 Center for Responsible Lending
 Enterprise Community Partners
 Low Income Support Corporation
 National Association of Real Estate
 Low Income Investment Fund
 ...and over 200 more!



What We Do

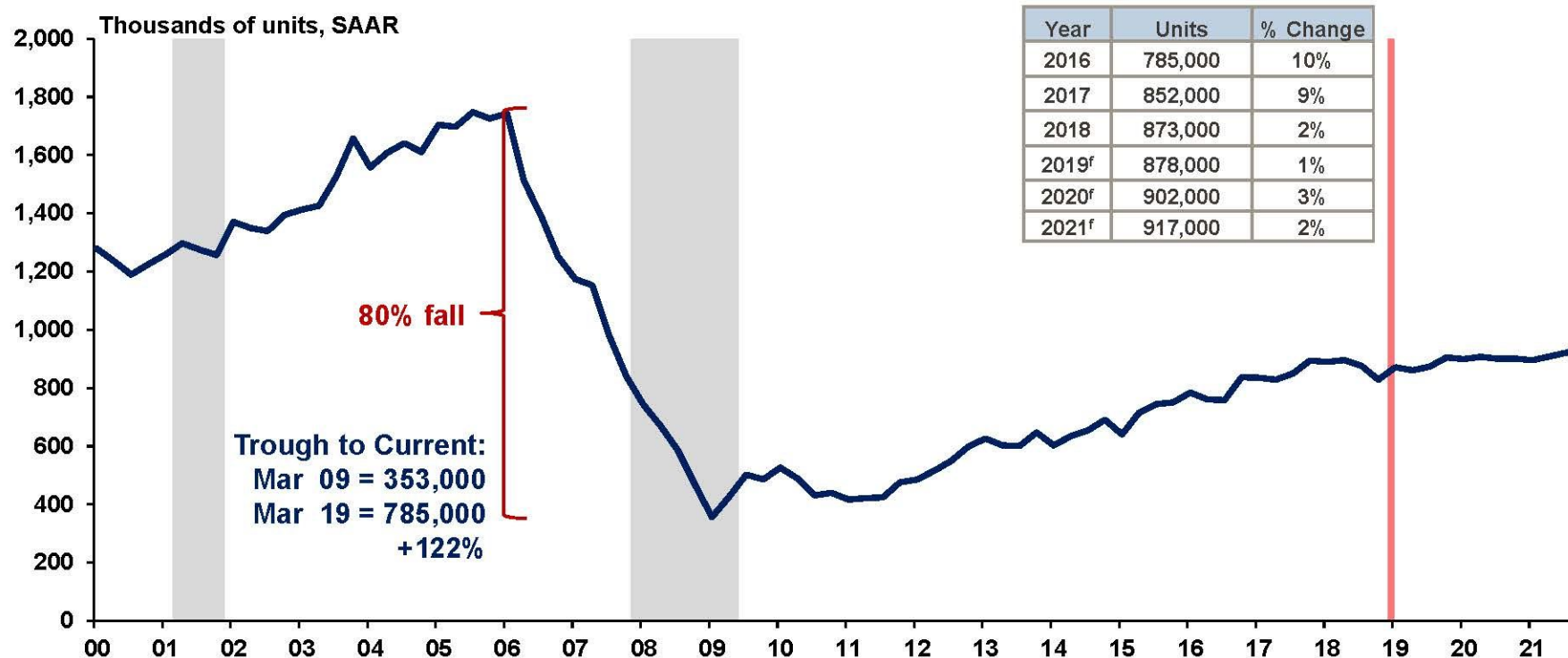
- 1933 – FDIC and HOLC
- 1934 – FHA
- 1937 – Public Housing
- 1938 – Fannie Mae
- 1946 – VA Loan Program
- 1949 – Urban Renewal
- 1965 – Dept. of Housing and Urban Development
- 1968 – Fair Housing Act, GNMA, TILA, HUD 235
- 1977 – Community Reinvestment Act
- 1987 – McKinney Homeless Assistance Act
- 1990 – Cranston-Gonzalez (HOME, HOPE)
- 1992 – Federal Housing Enterprises Financial Safety and Soundness Act
- 2008 – Housing and Economic Recovery Act (HERA)
- 2009 – Dodd Frank Act



Housing Supply Shortage

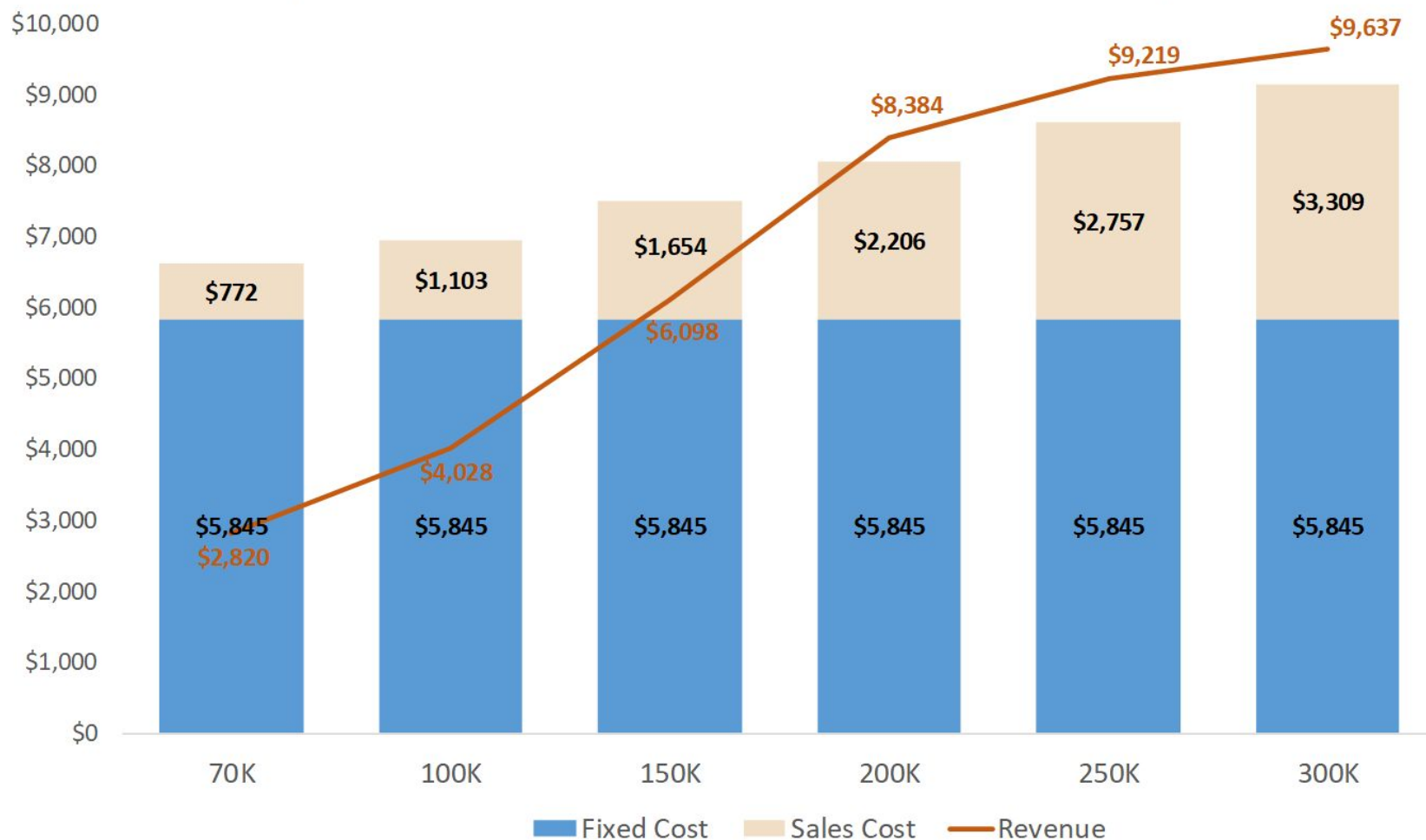
Single-Family Starts

Limited growth as economy slows



Source: U.S. Census Bureau (BOC) and NAHB forecast

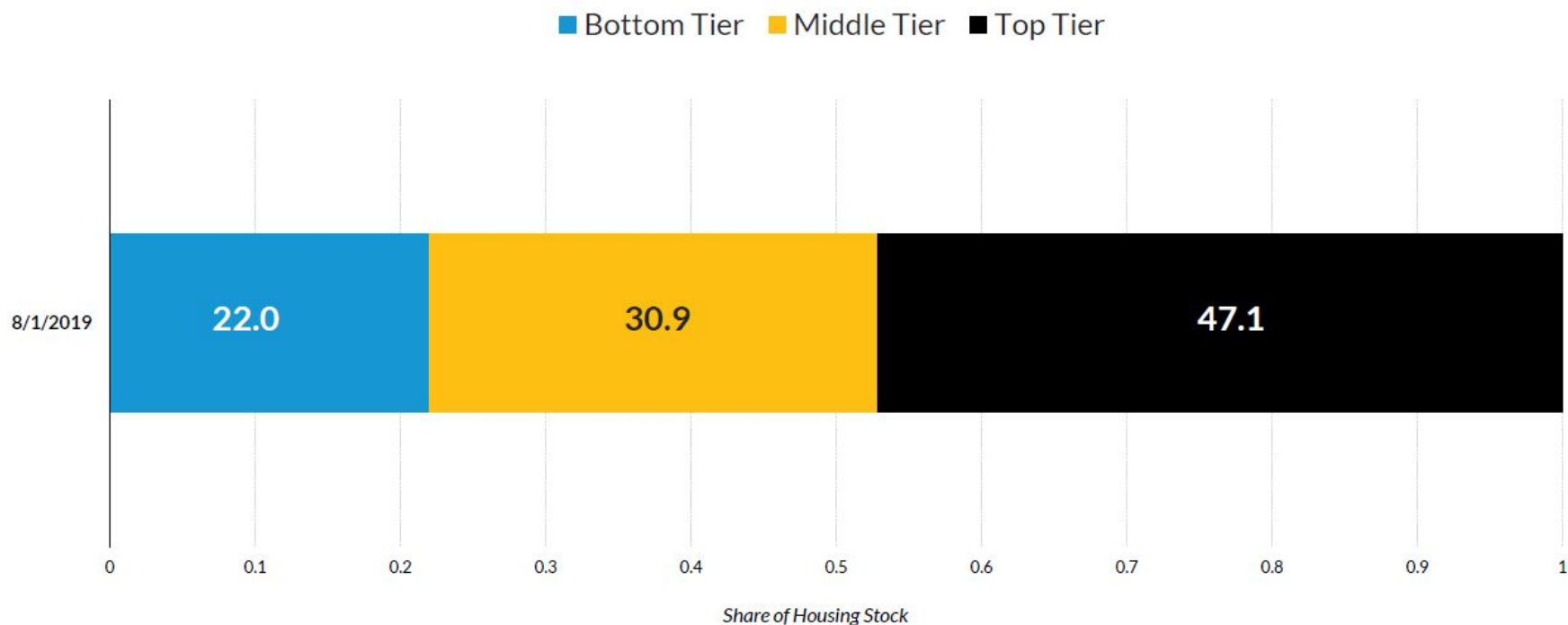
Cost Per Loan vs Revenue by Loan Size - 100% Retail/CD Lender
(Illustration from the Quarterly Mortgage Bankers Performance Report)



Source: MBA's Quarterly Mortgage Bankers Performance Report, www.mba.org/performance-report

Lowest price makes up the smallest share of the Market

Share of housing supply by home value

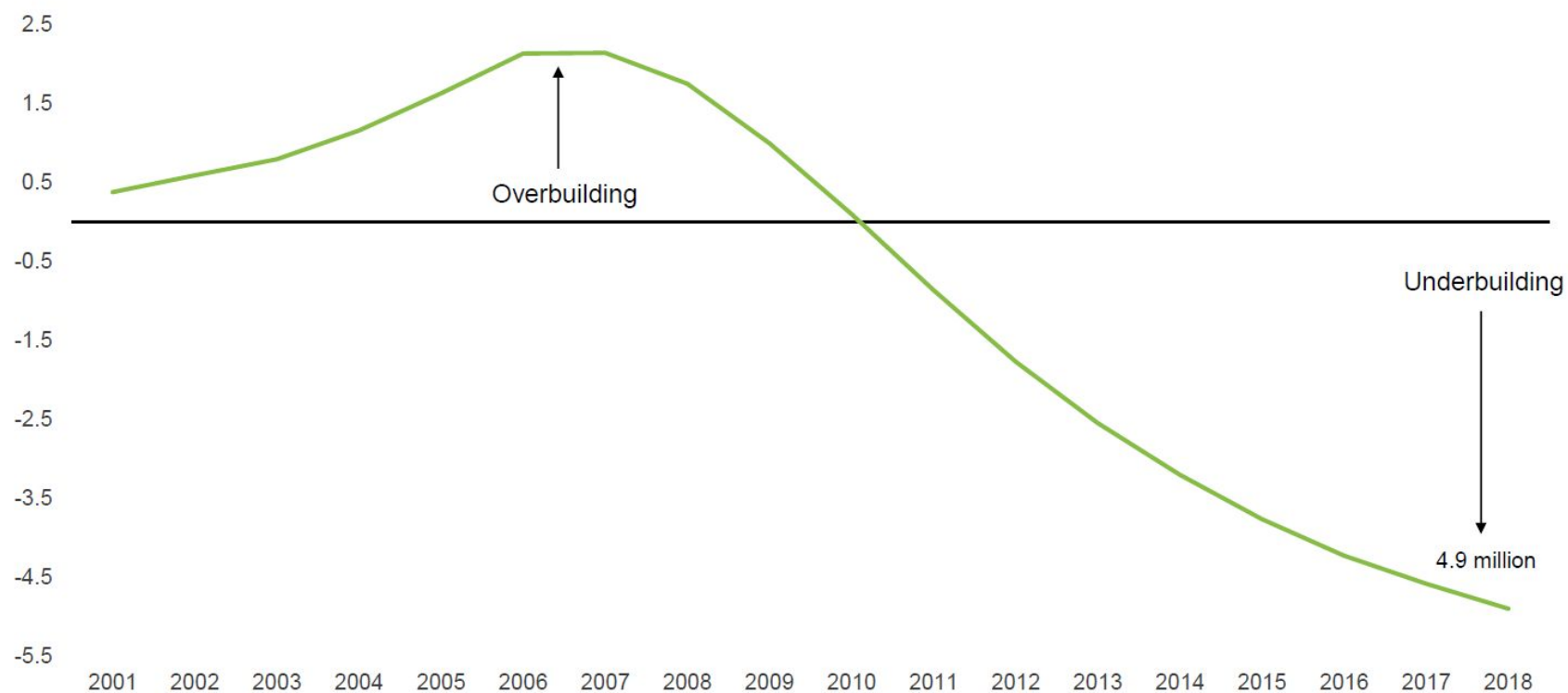


Source: Urban Institute Calculations from Zillow Estimates

Note: Zillow defines top, middle and bottom tier homes as those that fall in the top, middle and bottom third of all home values respectively in a given geography (includes single-family and condominium units) data as of Aug. 2019.

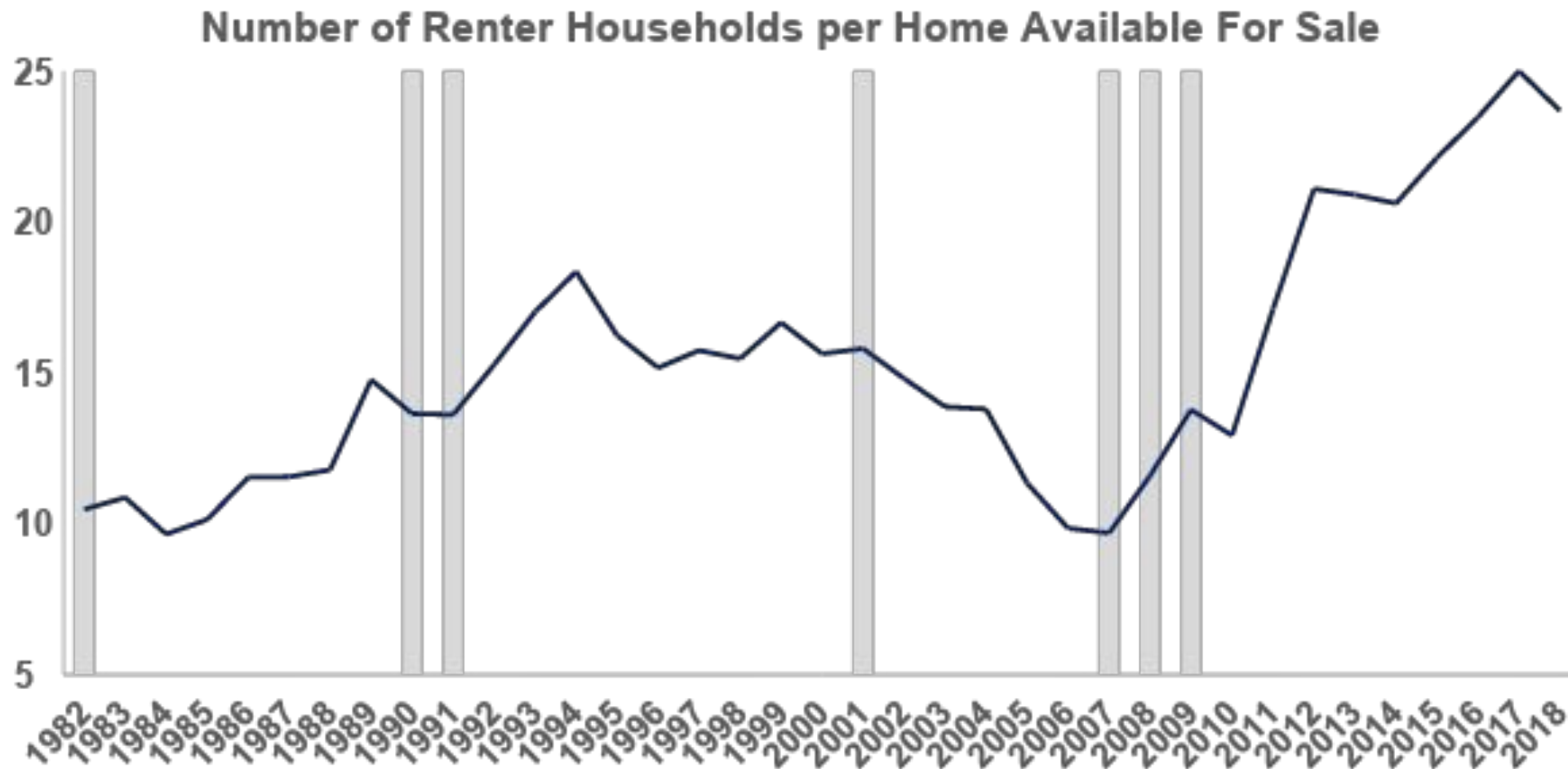
Housing Supply Shortage

Cumulative Shortfall in Supply Since 2000 is almost 5 Million Housing Units...



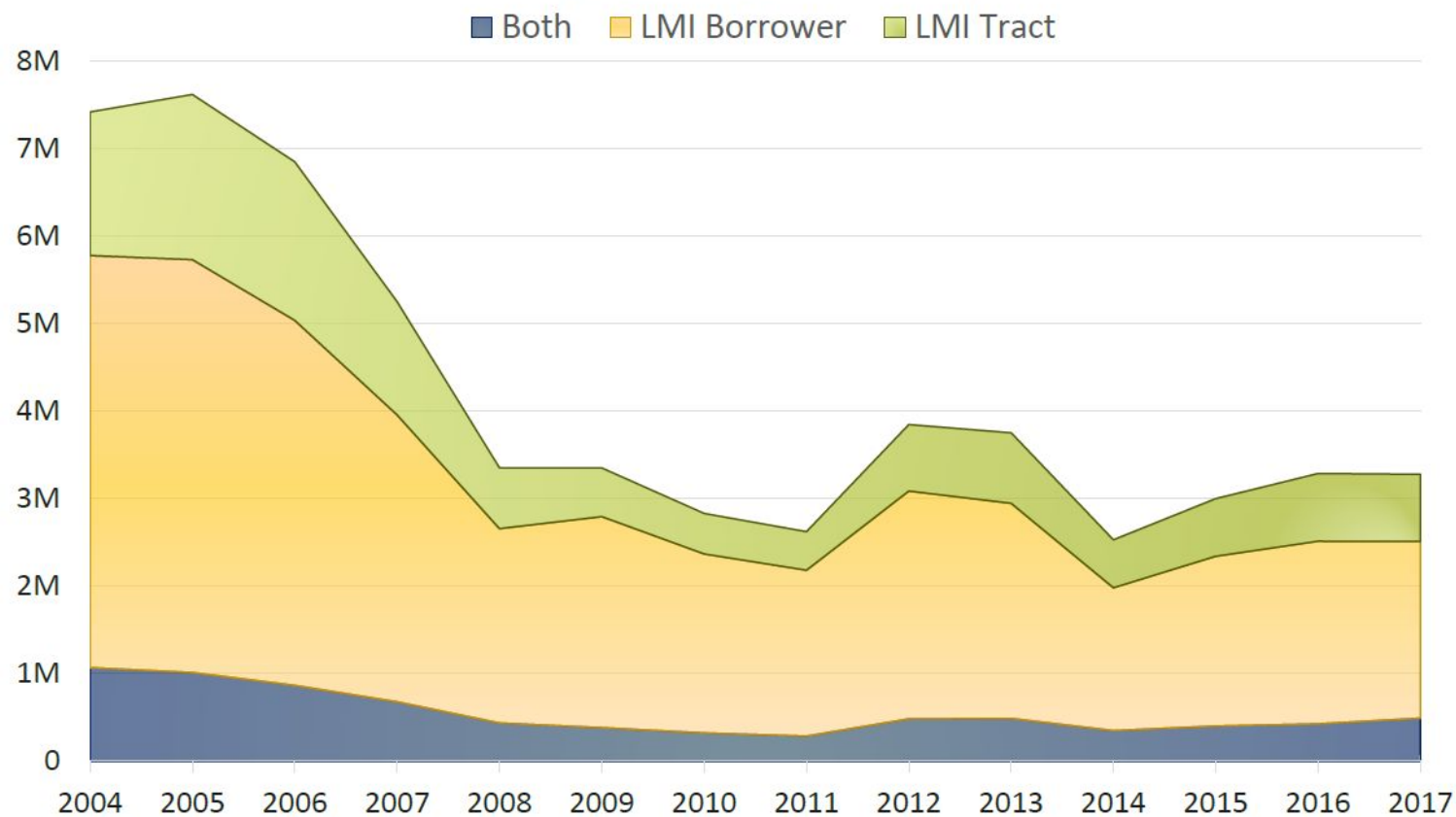
Source: U.S. Census Bureau and Department of Housing and Urban Development, Institute for Building Technology & Safety

Housing Supply Shortage



Source: Freddie Mac Analysis of National Association of Realtors, U.S. Census Bureau, IPUMS – CPS data

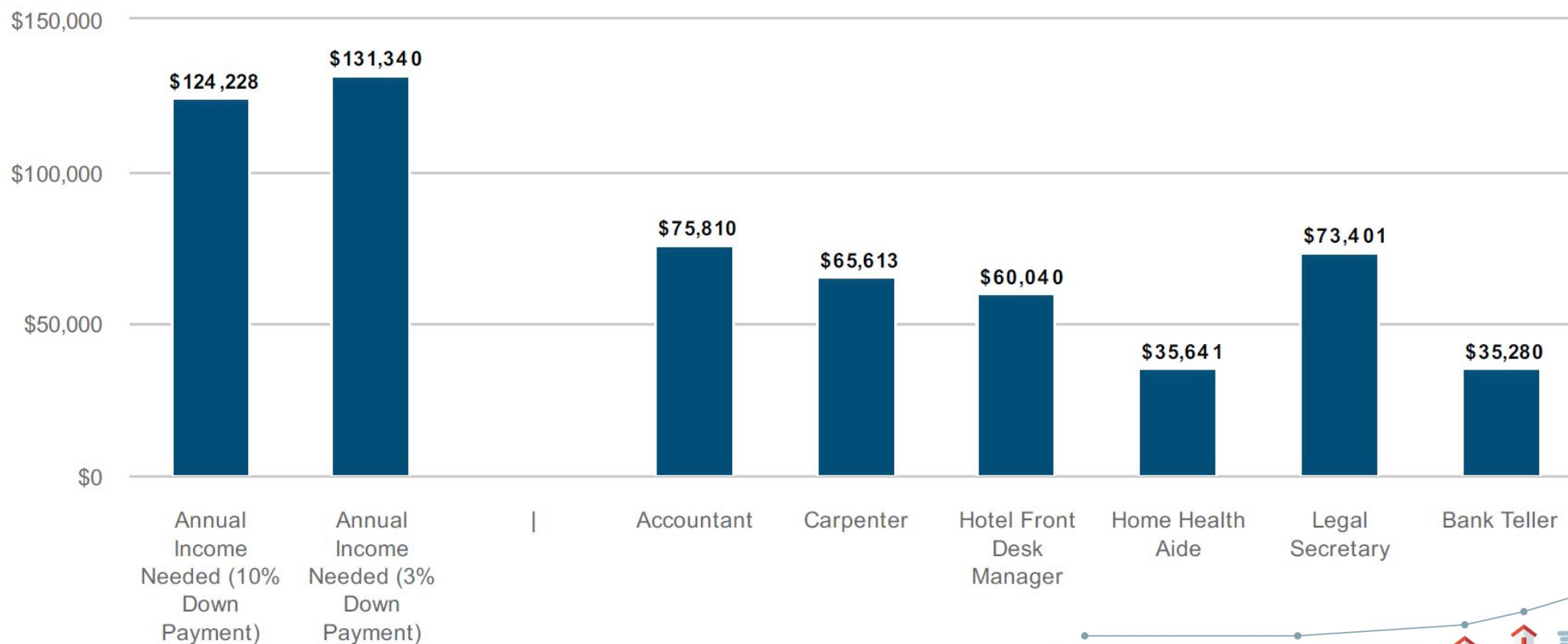
LMI Mortgage Originations by Year



Key identifies areas in order from bottom to top.

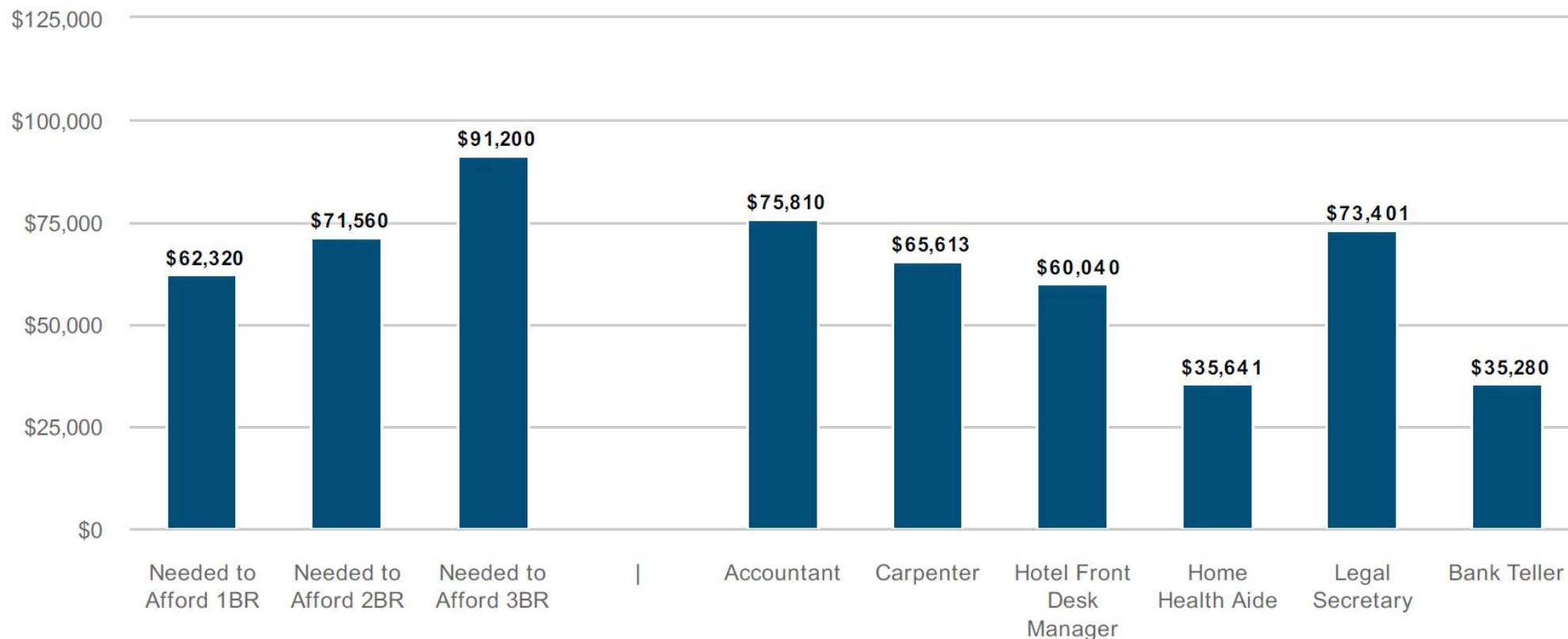
Housing Supply Shortage

New York-Newark-Jersey City, NY-NJ-PA , Homeownership Market



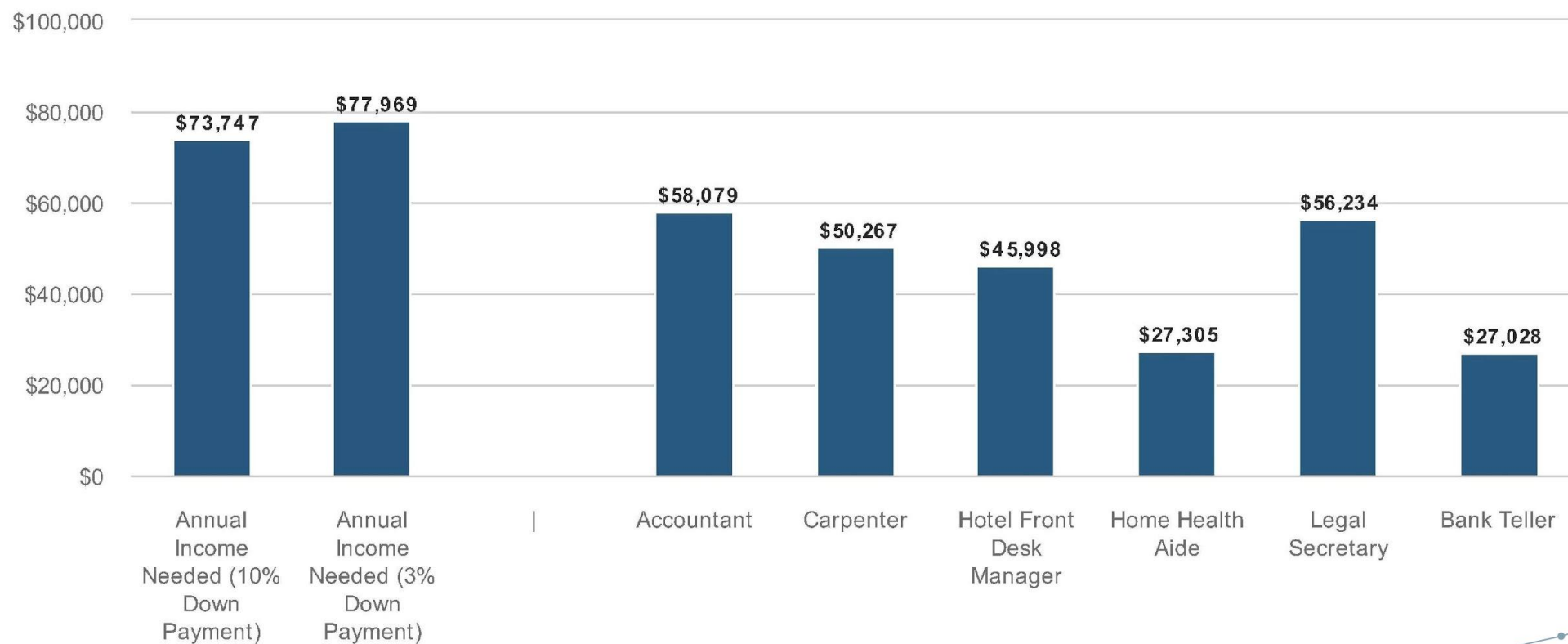
Housing Supply Shortage

New York-Newark-Jersey City, NY-NJ-PA , Rental Market



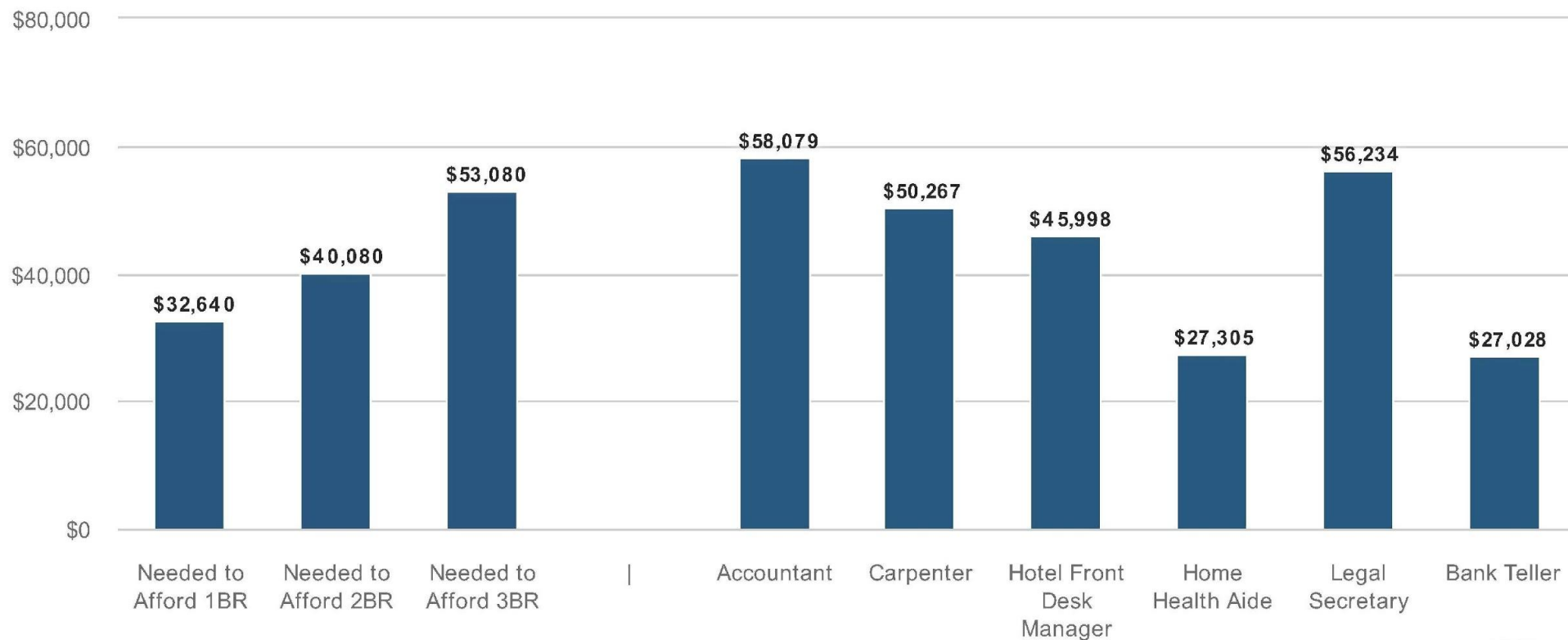
Housing Supply Shortage

Nashville-Davidson--Murfreesboro--Franklin, TN , Homeownership Market



Housing Supply Shortage

Nashville-Davidson--Murfreesboro--Franklin, TN , Rental Market

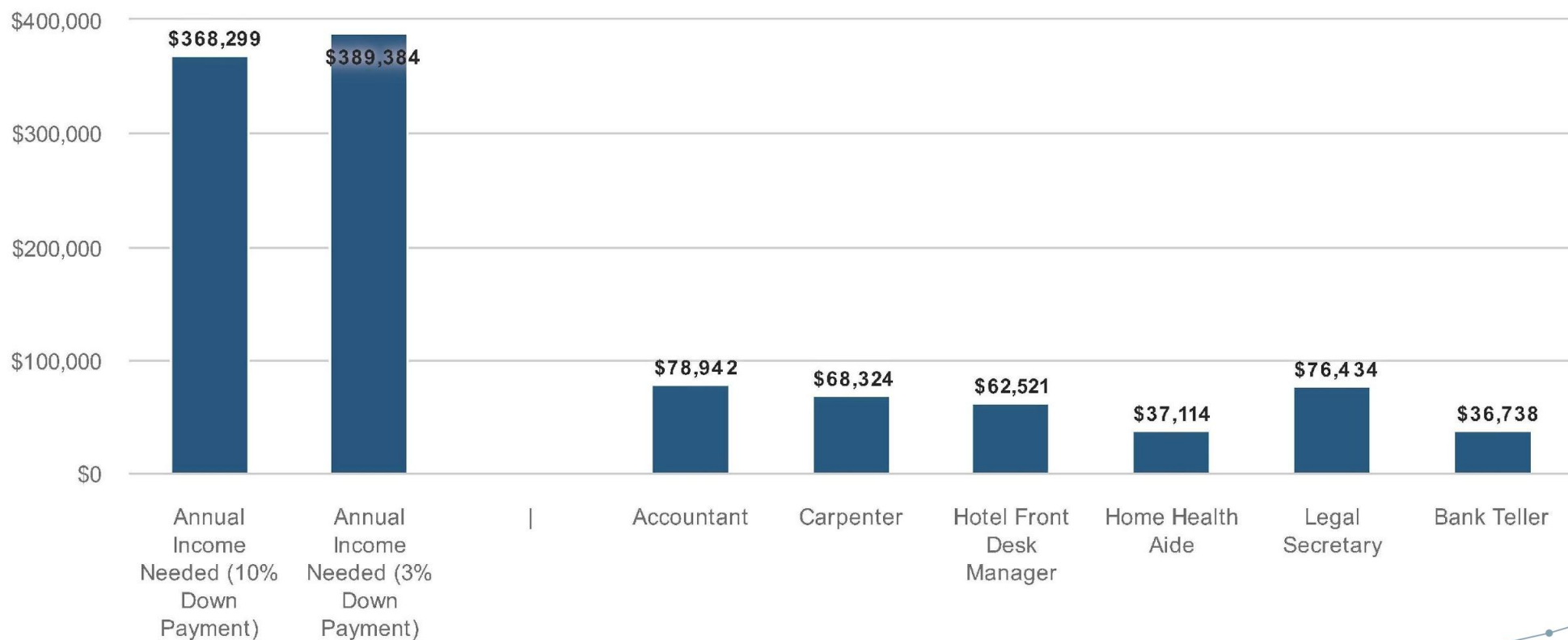


PAYCHECK TO PAYCHECK



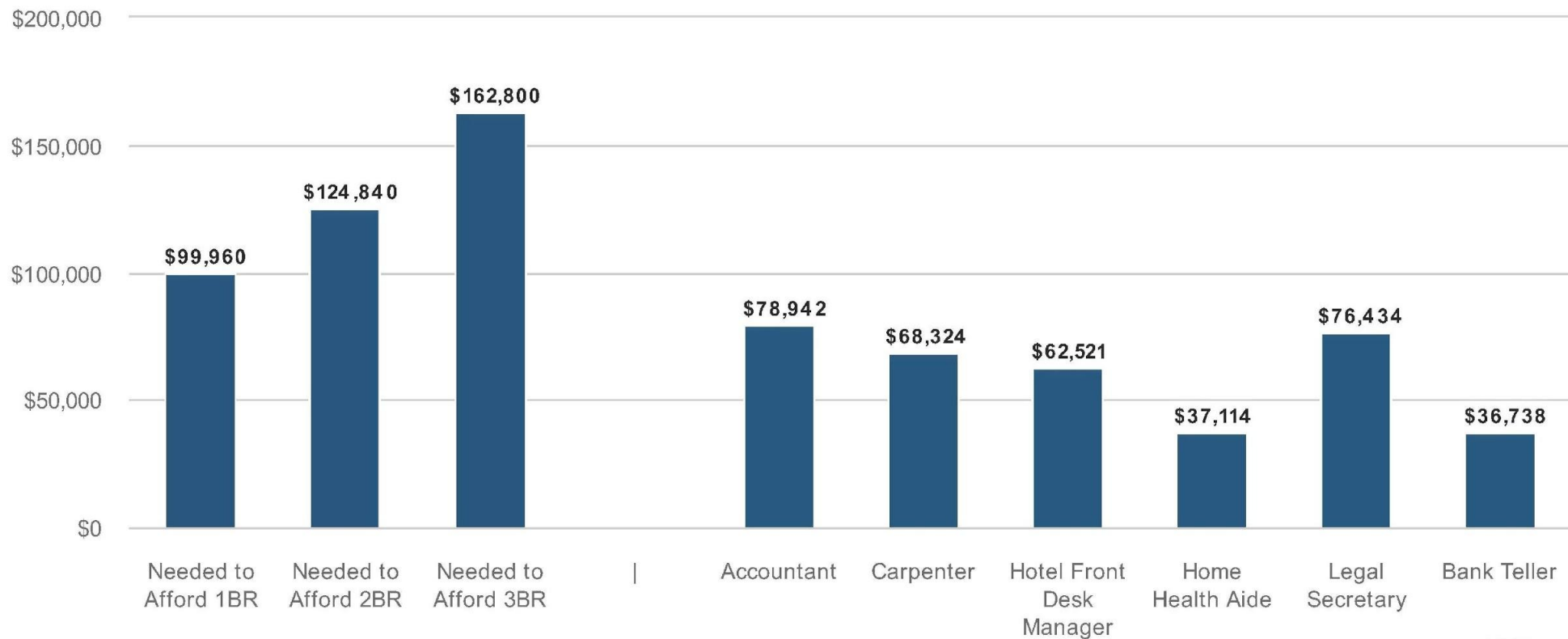
Housing Supply Shortage

San Francisco-Oakland-Hayward, CA , Homeownership Market

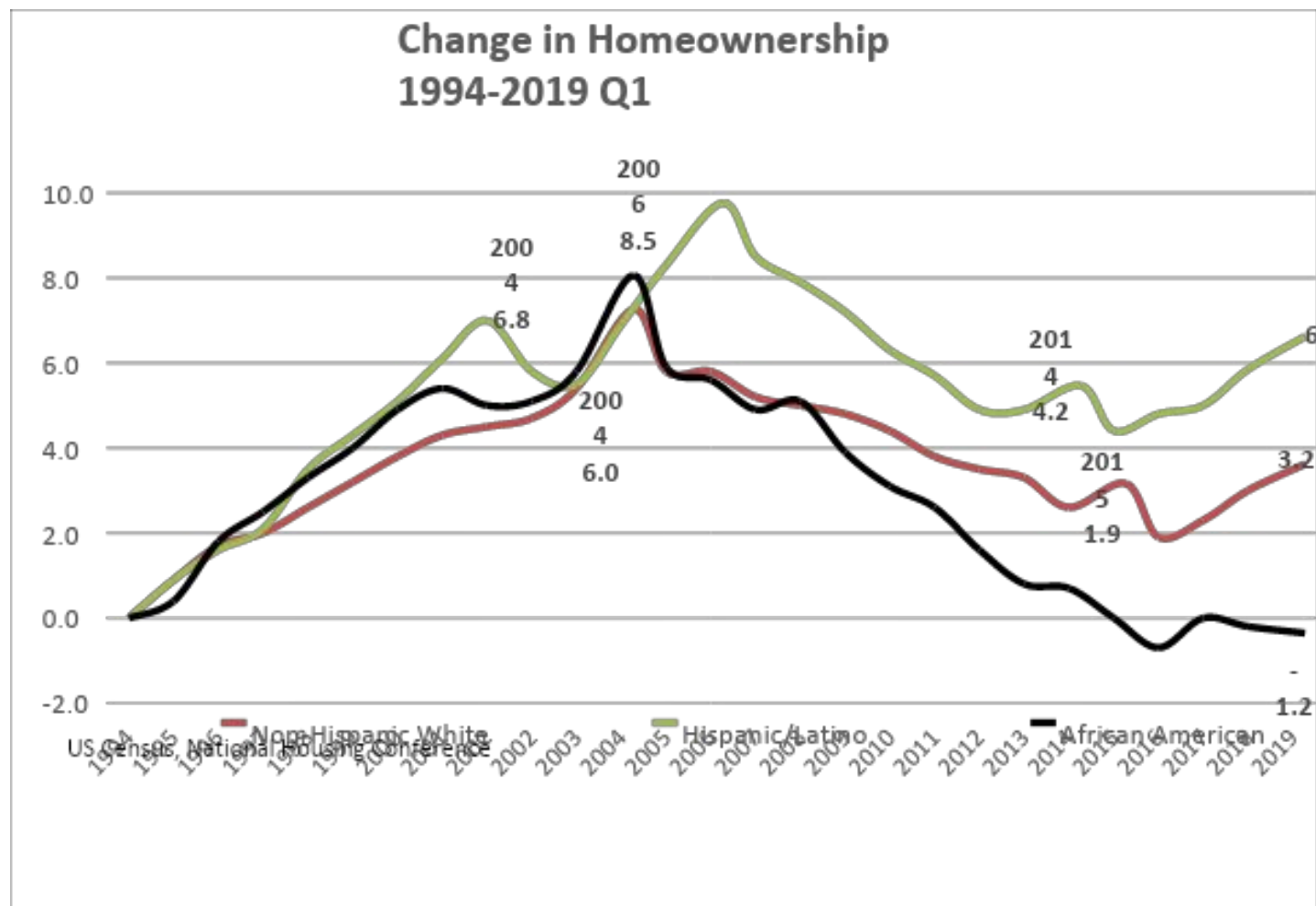


Housing Supply Shortage

San Francisco-Oakland-Hayward, CA , Rental Market

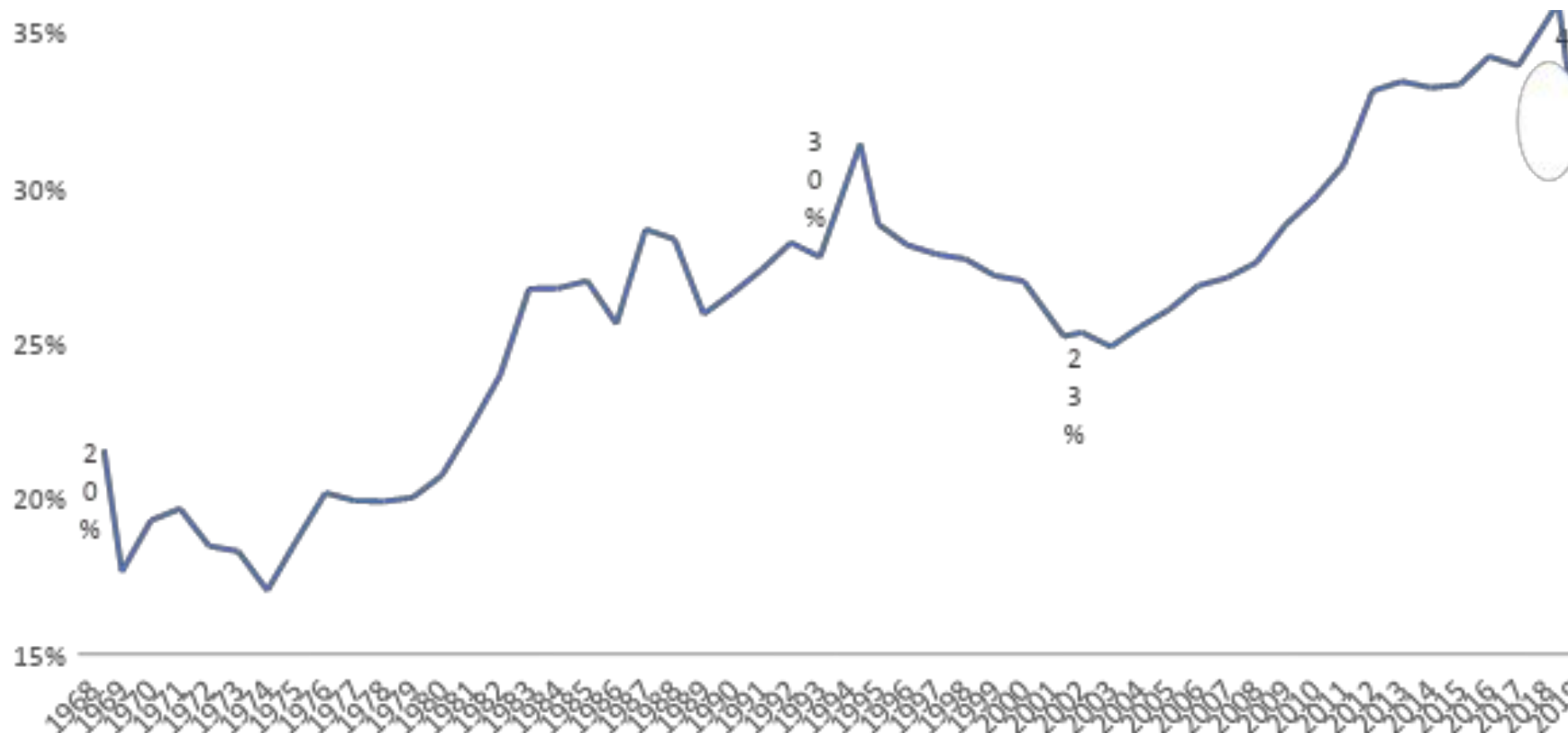


Black Homeownership



Housing Supply Shortage

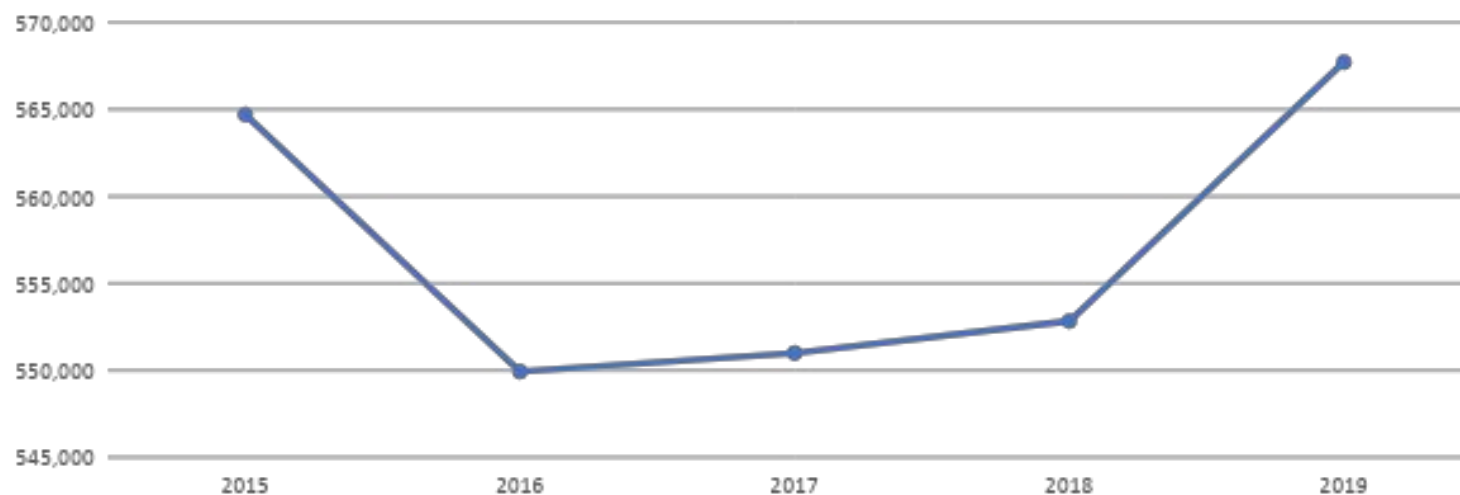
Percent of 23 to 25 Year Old's Living at Home



Source: U.S. Census Bureau

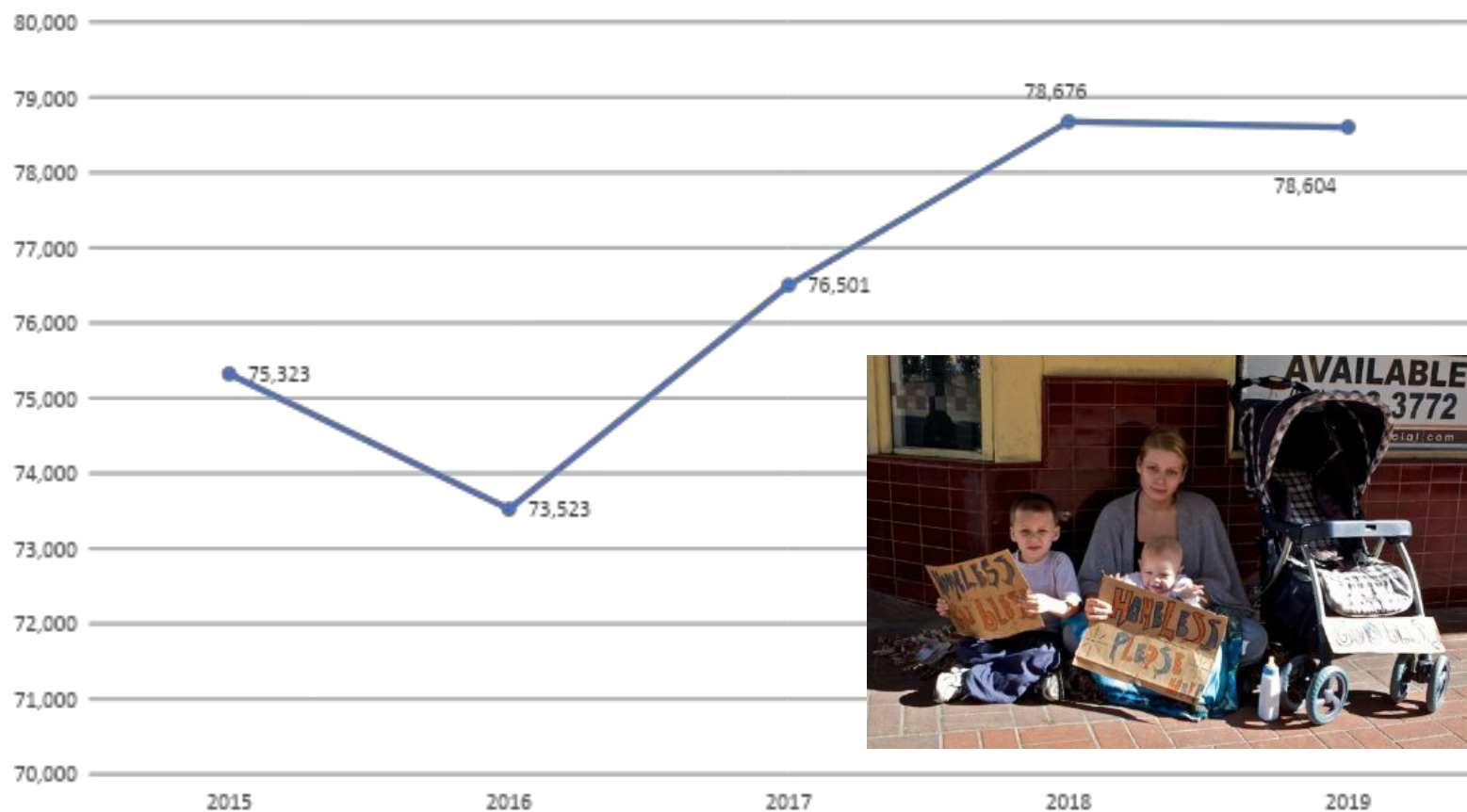
Surge in Homelessness

- Nationally, homelessness increased by 2.7 percent in 2019, continuing a reversal of the downward trend that ended in 2015, according to the latest PIT estimate by HUD.
- Economic homelessness has driven the increase. One in five homeless individuals report being employed in many major cities.



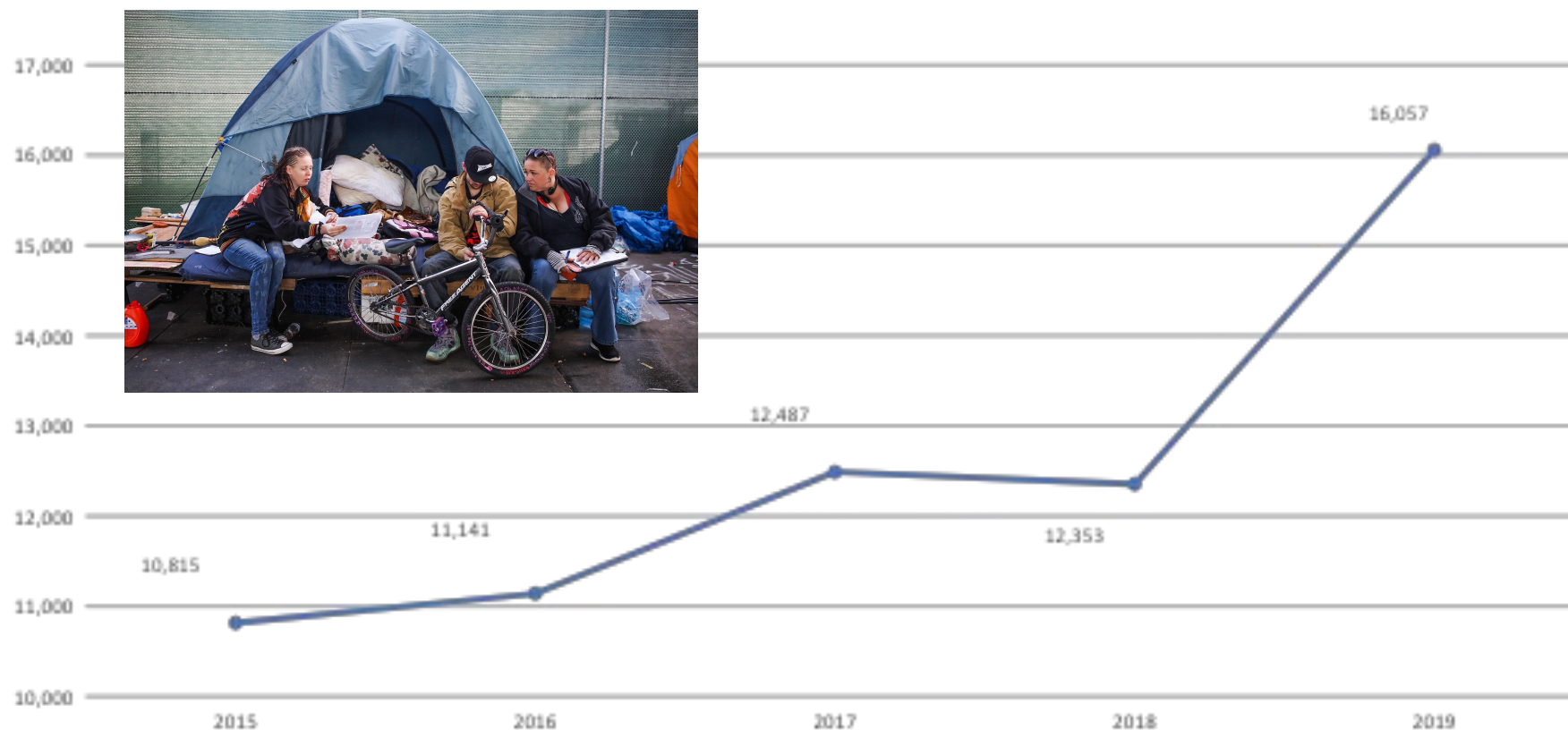
Source: US Department of Housing and Urban Development Point in Time Count

Surge in Homelessness



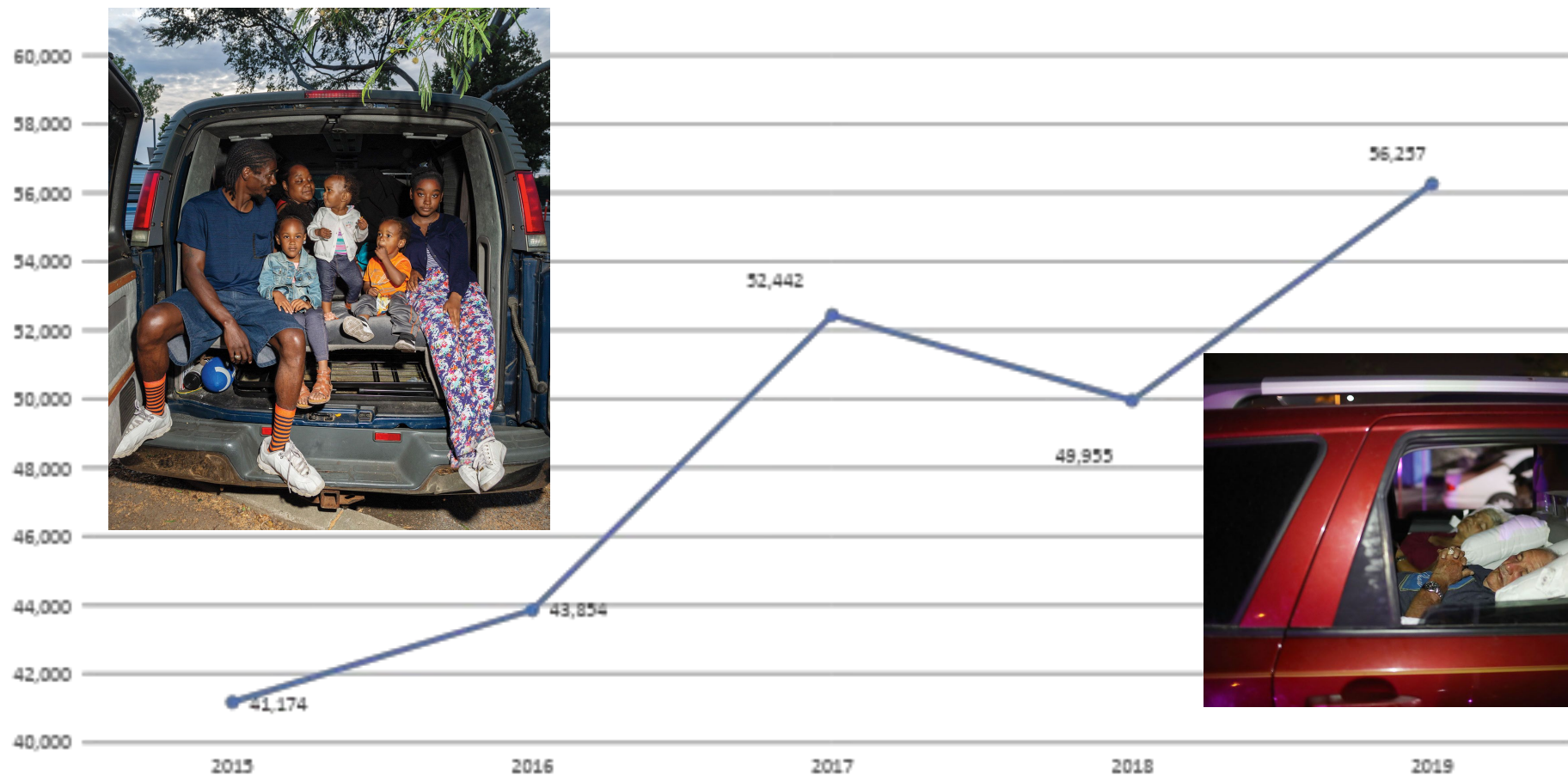
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Surge in Homelessness



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Surge in Homelessness



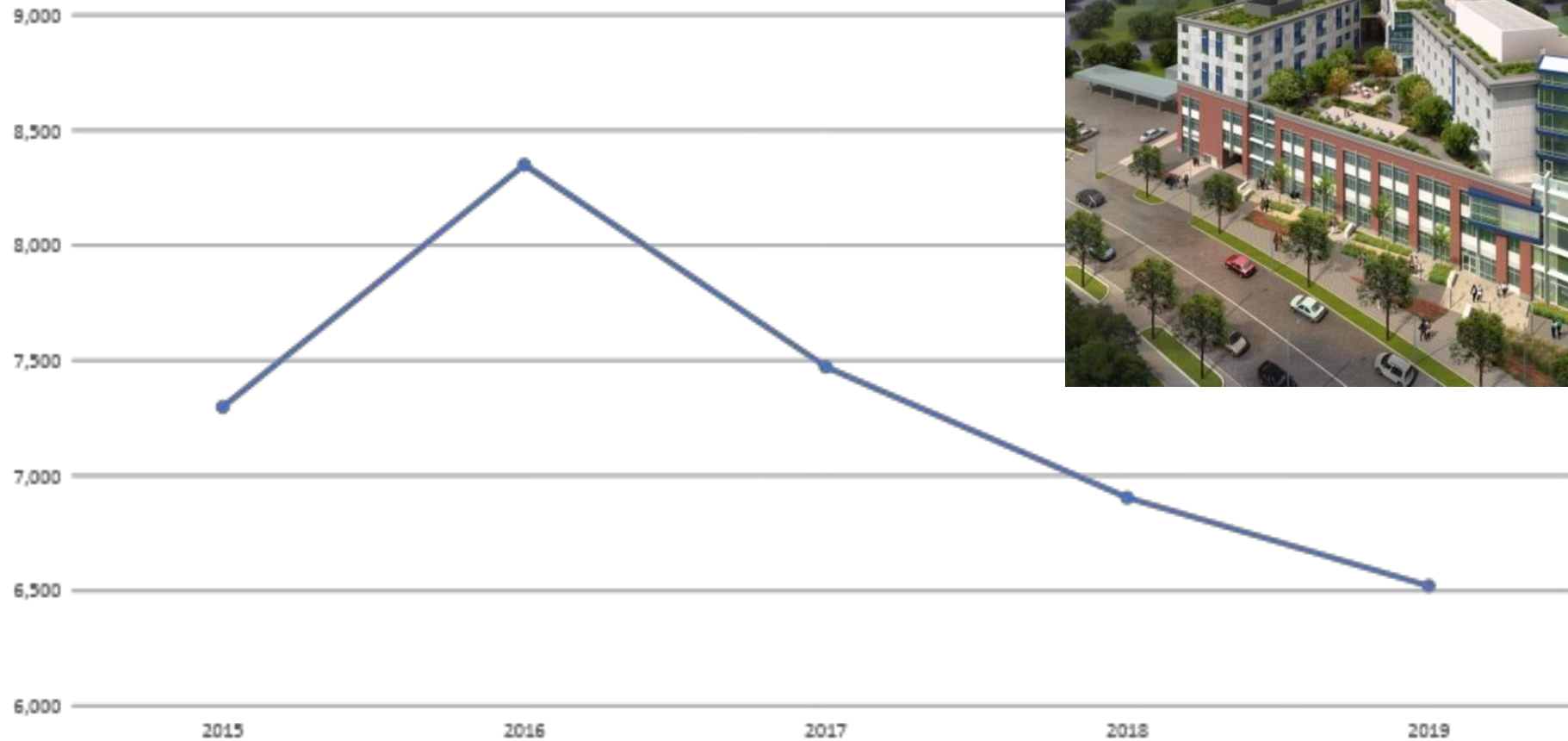
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Surge in Homelessness



Source: US Department of Housing and Urban Development Point in Time Count

Surge in Homelessness



Source: US Department of Housing and Urban Development Point in Time Count





NATIONAL
HOUSING
CONFERENCE

Surge in Homelessness



CRA Modernization

Any new CRA regulatory regimen must:

1. Increase investment in communities that are currently underserved;
2. Benefit more low- and moderate-income (LMI) people, particularly people of color, who live in those communities;
3. Ensure that CRA lending and investment does not lead to displacement of the very people it is meant to help; and
4. Make both bank performance and government enforcement more transparent and predictable.



The OCC/FDIC Proposal

- It seeks to clarify what counts for CRA credit “by articulating clear standards and requiring agencies to publish an illustrative list of qualifying activities.”
- It seeks to evaluate CRA performance “by assessing what portion of a bank’s retail lending is targeted to LMI individuals and areas - as well as measuring impact of by comparing the value of a bank’s CRA qualifying activity with its deposits in each assessment area and at the overall bank level.”
- The Federal Reserve Board **refused to sign on** to the OCC approach.
- As Fed Governor Lael Brainard explained, “a uniform ratio that does not adjust with the local business cycle could provide **too little incentive to make good loans during an expansion and incentives to make unsound loans during a downturn**, which could be inconsistent with the safe and sound practices mandated by the CRA statute.”
- She recognized that “industry commenters also expressed concern that discretionary adjustments to the uniform metric are likely to **lag behind the economic cycle and undermine the certainty a metric purports to provide.**”



Surge in Rent Control Proposals

- Several cities and states have recently passed rent control measures
 - **Oregon** became the first state to pass a statewide rent control measure in February 2019, limiting annual rent increases to 7 percent plus inflation, with an exemption for some smaller and newer apartment buildings
 - **New York** expanded and strengthened its existing rent regulations in June
 - **California** followed suit in October, limiting annual rent increases to 5 percent plus inflation for multifamily buildings over 15 years old
 - **Sacramento** and **Los Angeles** also passed rent control measures in 2019, including Other proposals are under active consideration, including Sen. Bernie Sanders and Rep. Alexandria Ocasio-Cortez have introduced legislation that would establish a **national limit on rent** increases of 3 percent or inflation, whichever is higher.

Research is largely mixed

- The research on the effectiveness of rent control is mixed
 - Some studies have found that rent control **reduces the supply of housing and increases rental costs**
 - But others have found rent control either **has no effect** or a **positive effect** on housing costs and supply
 - Research does agree that rent control policies do not effectively target the populations they aim to help—a **significant proportion of households living in rent-controlled units are not poor**
 - Research also suggests that **anti-gouging measures can be an effective tool to limit displacement when paired with other measures to increase housing supply.**
 - The bottom line is, **we can't regulate our way out of this problem**, we are going to have to build our way out of it.
 - **The law of supply and demand will not be repealed.**

Thank you!