

Why the next president needs a housing policy director

The Hill, by David Stevens, August 30, 2016, 05:58 am

Nearly every U.S. Presidential Administration in recent history has viewed housing as a fundamental plank of its core domestic agenda for one clear reason: Access to safe, affordable housing, whether owned or rented, is critical to the economic success of every American. Over our history, homeownership has proven to be a key component of wealth building, and for those who can't or don't want to own, having a sufficient supply of rental housing can provide shelter, community and a piece of mind allowing greater chance at upward mobility.

In fact it was President Reagan who said, "Homeownership is an essential part of the American dream [and] fundamental to our way of life."

But for the past 8 years we have lived with an Administration whose housing policy was informed by the worst recession since the great depression and one that was brought on by a bubble in the domestic housing market. Appropriately, policymakers' focus was on protecting families in distress, creating rules to prevent a similar collapse, using enforcement as an instrument to hold accountable those who were perceived to have been at fault, and sending a strong signal to all involved that consumer care must be priority.

But now we are well beyond the crisis and currently enjoy the safest mortgage lending environment in modern history. Given that, the next President must turn the page and focus on developing a national housing policy that addresses a number of unhealthy imbalances in today's housing market. And a key part of making that work will be creating a position in his or her Administration for a point person responsible for coordinating and executing on that policy.

After all, housing contributes approximately 18 percent of the gross domestic product, or in other words, one-fifth of the U.S. economy. It creates jobs, supports infrastructure and schools, and promotes positive social outcomes in health, education and family stability.

The delay in qualified millennials from entering homeownership is causing an unusual rise in rental costs. The reasons include tight credit, an inability of consumers to save for a down payment, student loan debt, and a lack of affordable housing stock.

And these rising rental costs are having an adverse effect, especially in urban communities. According to the Institute for Research on Poverty and University of Wisconsin-Madison, over the last twenty years, the percentage of Americans dedicating at least half of their income to housing has risen from 42 percent to 52 percent. And almost a quarter, representing over a million families, dedicate over 70 percent of their income to pay rent and keep the lights on.

Undoubtedly, the next Administration needs to create incentives through marketing and public messaging, down payment assistance or savings reward programs, tax incentives, or credits for appropriate real estate development.

Efforts to expand the development of affordable rental housing needs a firm Administration commitment via the expansion of the Low-Income Housing Tax Credit (LIHTC) and public/private partnerships to encourage the development of safe, sustainable, and affordable rental workforce housing.

Today, lenders are being discouraged from lending to first-time home buyers by unclear rules and overly aggressive and inappropriate enforcement actions by the government agencies. The overlapping regulatory framework, where the states are piling on top of federal, on top of international, has put lenders in a defensive position, forcing them to into the most conservative

lending posture in order to meet the lowest common denominator. Needless to say this morass of bureaucracy must be addressed.

It was President Bill Clinton who said, "The objective for young people, with their futures before them and their dreams fresh in their minds... is to be able to own their home and to start a family ... [this is], just as worthy today and, I would argue to you, more important today than it was 20 years ago."

But to help such young people, and all people for that matter, the next President must bring a specific focus to their Administration. The complexity of the issues, the inter-regulatory aspect of the challenge, and the need to work across private and public sectors to reduce unnecessary barriers and create appropriate incentives will require a newly created Housing Policy Director.

This individual should report directly to the President and have clear principal level authority to call meetings, drive results, and measure progress. He or she will play an indispensable role not just in identifying conflict points, but working with multiple agencies and compelling independent regulators to coordinate policy so as to encourage lenders to lend to qualified borrowers.

To untangle and refocus a national effort on housing America's families will require a President to make a certain and forceful pivot that leaves little doubt about this issue. That pivot cannot happen without a clearly articulated policy and someone empowered to use all the authority of the White House to make it happen.

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