

New Dem Housing Task Force

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The Primacy of Housing: Housing is the largest expense in middle-class budgets (housing makes up 42% of the consumer price index). Home ownership is the largest source of wealth building and retirement savings for middle-class families. Home construction is the critical industry in restoring the economy to growth after normal recessions.

But something is wrong. Soaring housing prices are pervasive in cities around America, even some of those in the Midwest that were previously immune. Markets that used to quickly balance supply with demand now have sustained imbalances, and, as a result, prices keep rising.

And now, on top of that, our long 30-year decline in mortgage rates is ending and reversing. We face a time of rising interest rates, not just from the Federal Reserve but from a steepening yield curve and from the likelihood of GSE reform that brings in more private capital to bear risk and with it a higher risk premium in mortgage rates.

Housing Failures Hurt Everyone: Every price increase and rate increase pushes families down a rung: from prospective first-time homebuyers to long-term renters; from tenants in market-rate housing to applicants for rent vouchers; from extremely rent-burdened to homeless.

We face a variety of problems in the housing market, and we tend to address them in isolation: separating home ownership from rentals, market-rate housing from affordable housing, and homelessness from The Rent being Too Damn High. But housing is an ecosystem, and all of these aspects are tightly linked, especially through housing prices.

A New Democrat Task Force: The Housing Task Force in the New Democrat Coalition is charged with studying housing markets, understanding dynamics and identifying solutions to the problems plaguing housing access and supply. The Task Force will build on previous New Dem efforts on GSE reform but would broaden to cover the full scope of federal housing policy (including housing subsidies through HUD and through the tax code) and could propose reforms at the state, local and regional levels as well.

Housing Task Force

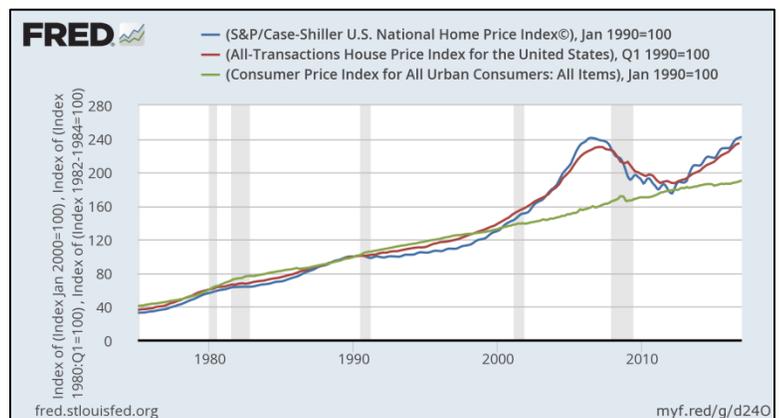
of the New Democrat Coalition

We all know housing is *important*, but we often fail to realize how important

- Housing is, by far, the largest expense in middle-class budgets (housing makes up 42% of the consumer price index).
- Home ownership is the largest source of wealth building and retirement savings for middle-class families.
- Home construction is the critical industry in restoring the economy to growth after recessions.

This especially matters because housing markets are broken

- Prices used to track inflation (green), but now are rising far in excess.
- Nationally, prices have eclipsed the peak of the “bubble” in 2006.
- Despite record prices, home construction is at past recession levels.
- Rents show a similar pattern
- The cost of shelter is rising for everyone with no relief in sight.



Housing policy is poorly structured to address this problem

- Power is fragmented across federal, state and local governments
- Housing programs are very siloed and often work at cross purposes
- Nobody is looking at the whole housing ecosystem to see the big picture and adjust accordingly