The Housing Market ‘Reset’ and its Implications for Housing Policy

Alan Mallach
Non-resident Senior Fellow
The Brookings Institution
Subprime lending exploded
Housing production outstripped household formation

Between 1999 and 2009 6.9 million more housing units were approved than the number of additional households.

Source: Bureau of the Census
Prices took off, and then fell
Foreclosures skyrocketed

14% of all mortgages are delinquent or in foreclosure

Source: Mortgage Bankers Association
New housing production fell.

Las Vegas metro area new units authorized by quarter 2005 through 2010.

Source: Bureau of the Census.
Homeownership rates have declined.
Tenure patterns have shifted significantly

Nearly 3 million more renters

Net loss of homeowners

Source: Bureau of the Census
the “shadow inventory” is growing

Source: OCC Mortgage Metrics
Nearly 25% of all mortgages are underwater

% of mortgages underwater in 3rd quarter 2009 – top five states and United States.
Vacancy rates have risen and remain elevated.
Housing is affordable *almost* everywhere.

- 50-100% above national median
- More than double national median

Source: National Association of Realtors, median sales price of existing single-family homes 2009
Earnings have stagnated

Real average weekly earnings
1947 to 2007 (2007 dollars)

Source: Economic Policy Institute
Unemployment rates are elevated

Source: Bureau of Labor Statistics, April of each year seasonally adjusted
Consumer confidence is at historically low levels
Manufacturing jobs are disappearing

Manufacturing employment in the United States 1964-2009

Source: Bureau of Labor Statistics
Household formations have declined

Average annual increase 2000-2005 = 1,122,000

Average Annual Increase 2005-2009 = 631,000

Source: American Community Survey
Where is the rental housing?

3/4 of all private market rentals are in 1 to 9 unit properties.
Who is the target population for affordable housing?

<table>
<thead>
<tr>
<th>Category (Federal definition)</th>
<th>Income range</th>
<th>Income range in Las-Vegas MSA (family of four)</th>
<th>Affordable rental range</th>
<th>Household share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>50 to 80% of median</td>
<td>$32,501-$52,000</td>
<td>$800-$1300 per month</td>
<td>16% of households</td>
</tr>
<tr>
<td>Very low income</td>
<td>30 to 50% of median</td>
<td>$19,501-$32,500</td>
<td>$500-$800 per month</td>
<td>11% of households</td>
</tr>
<tr>
<td>Extremely low income</td>
<td>0 to 30% of median</td>
<td>$0-$19,500</td>
<td>Under $500 per month</td>
<td>13% of households</td>
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