
Housing, Housing Finance, and Us in the Trump Administration

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Presentation to
The Hoyt Group: The Future of Real Estate

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Housing Program Terminations

FY 2017 Budget

Administration Proposal - March 16, 2017

- **Community Development Block Grants**
 - **HOME Investment Partnerships**
 - **Choice Neighborhoods**
 - **Self-Help Homeownership Opportunity Program**
 - **Interagency Council on Homelessness**
 - **Neighborhood Reinvestment Corporation**
 - **Legal Services Corporation**
 - **Water and waste loans and grants for Rural Development (USDA)**
 - **Grants to Community Development Financial Institutions (Treasury)**
 - **Low Income Home Energy Assistance Program (HHS)**
 - **Weatherization Assistance (Energy)**
 - **Services to homeless and at-risk veterans (VA)**
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Housing Program Terminations

FY 2017 Budget

Agreement with Congress - April 30, 2017



HUD Appropriations in the FY 2017 Budget

March 16, 2017

Change from FY 2016

-\$6.2 Billion

- 13.2%

HUD Appropriations in the FY 2017 Budget

April 30, 2017

Change from FY 2016

+ \$0.4 Billion

+ 1.0%

Programs with Budget Cuts

Public Housing Operating Fund: -\$100 million (2.2%)

Section 811 Housing for People with Disabilities - \$5 million (3.3%)

What About the GSEs?

- Industry: “We need a dedicated source of funding, and it has to have a government guarantee.”
 - We already have three – FHA, VA, RHS
 - The GNMA Model
 - Who takes the default risk?
 - MBS with private sector taking the first loss
 - PMIs
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What's Next?

- What we don't have, is consensus
 - This week:
 - Disagreement between the GSE conservator, Congress, and US Treasury – should the GSEs be allowed to build up their capital, or should their profits go to the federal government?
 - Meanwhile, Rep. Hensarling's Financial CHOICE Act covers CFPB and Dodd-Frank, but not the GSEs
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Meanwhile, in the Real World....

The Wealth of American Households (2013 \$)

<u>Year</u>	<u>Total</u>	<u>Mean</u>	<u>Median</u>
1983	\$24 trillion	\$280,000	\$ 80,200
2007	\$73 trillion	\$625,000	\$135,900
2013	\$65 trillion	\$528,000	\$ 81,400

The Families in the Middle

(45th to 55th percentile of wealth distribution)

- 2007 – wealth between \$105,000 and \$175,000
 - 2013 – wealth between \$60,000 and \$110,000

 - 2007 – median income was \$54,000
 - 2013 – median income was \$46,000

 - 2007 – 89% owned their own home – median equity was \$92,000
 - 2013 – 82% owned their own home – median equity was \$52,000

 - Their home was their biggest asset, by far
 - As a society, the equity in our homes is 23% of our wealth
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The Richer the Family in 2007:

The smaller the percentage drop in wealth by 2013

<u>Wealth category</u>	<u>2007 wealth</u>	<u>%loss</u>
Richest 10%	\$4,555,000	- 11%
Families in the middle	\$ 136,000	- 40%
Barely positive	\$ 17,000	- 47%

(20th to 30th percentile)

And Therefore:

The More Unequal the Distribution of Wealth

- In 2007, the richest 10% of households owned 71% of total wealth
 - In 2013, the richest 10% of households owned 75% of total wealth
 - The most unequal distribution since at least 1983
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In Conclusion:

- Is our economy finally improving?
 - Let's hope so
 - But most of us have a long way to go before we catch up to where we used to be
 - And we're not happy about it
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