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

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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

Source: Bureau of the Census
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

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

Unemployment rate (official) 17.1%
Expanded unemployment rate 9.9%
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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