

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: March 17, 2016

Subject: March 22, 2016, Housing and Insurance Subcommittee Hearing on “The Future of Housing in America: Government Regulations and the High Cost of Housing”

The Subcommittee on Housing and Insurance will hold a hearing entitled “The Future of Housing in America: Government Regulations and the High Cost of Housing” on Tuesday, March 22, 2016, at 2:00 p.m. in Room 2128, Rayburn House Office Building. The hearing will focus on the various federal, state and local regulations and policies that have affected affordable rental and single-family housing development. Witnesses will address housing trends and provide insight on the ways in which federal, state, and local government policies should facilitate affordable rental and housing development for working families and able-bodied individuals seeking to participate in the workforce.

This will be a one-panel hearing with the following witnesses:

- Mr. Clyde Holland, Chairman and Chief Executive Officer, Holland Partner Group, on behalf of the National Multifamily Housing Council and the National Apartment Association;
- Mr. Jayar Daily, Chief Operations Officer, American Homestar Corporation, on behalf of the Manufactured Housing Institute;
- Ms. Vicki Been, Commissioner, New York City Department of Housing Preservation and Development;
- Mr. Granger MacDonald, Chief Executive Officer, MacDonald Companies, on behalf of the National Association of Home Builders; and
- Professor A. Mechele Dickerson, The University of Texas at Austin School of Law

Background

Housing and residential mortgage markets in the United States are continuing to recover from turmoil that began in 2007 and 2008. Negative equity and mortgage foreclosure rates have been steadily decreasing, though both remain elevated compared to pre-2007 market conditions. Home sales have begun to increase, with the sales of existing homes approaching levels that were common in the early 2000s, though sales of new homes remain low.

In the rental housing market, vacancy rates have continued to decline and rents have continued to increase as more households become renters. Although the supply of rental housing has also increased, it has generally not kept pace with increasing demand. Rising rents have contributed to housing affordability problems, which are especially pronounced for low-income renters.¹

Several studies suggest housing trends in the United States will dramatically change over the next 25 years as more individuals opt to rent housing rather than become homeowners. One such study from the Urban Institute anticipates that from 2010 to 2030, the growth in the number of rental households will exceed that of homeowners by 4 million, with an increase of 13 million rental households compared to 9 million homeowner households. Seniors, young professionals, and working families are especially likely to become renters. These anticipated trends invert the historical patterns in housing experienced during the previous 20 years, which saw the creation of 8.8 million new rental households and 16.1 million new homeowner households.

This hearing will help policymakers understand housing affordability in the United States for both multi- and single-family homes and how the American housing market – including demands for rental housing – has changed since the 2008 financial crisis. In addition, the hearing will provide an opportunity to identify regulatory barriers that inhibit or prevent the development of affordable housing and to assess how these barriers affect the cost of building and maintaining affordable housing.

¹ Congressional Research Service, “Housing Issues of the 114th Congress” (March 3, 2016), available at <http://www.crs.gov/reports/pdf/R44304>.