The Biden-Harris Administration’s Housing Policy Agenda: A Conversation with Lael Brainard, National Economic Advisor

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Housing Market Challenges and Racial Differences in Housing Market Outcomes

Michael Neal
Housing Finance Policy Center
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Supply and Demand

- Rental market
- Homeownership conditions
- Construction challenges
- Racially inequitable outcomes
Renter Households are More Likely to be Cost-burdened

Source: 2021 American Housing Survey.

- All Occupied Households: 36% cost-burdened, 64% total households
- Renter Households: 54% cost-burdened, 46% total households
- Homeowner Households: 27% cost-burdened, 73% total households
Renter Households Are More Likely to Live in Inadequate Housing

Note: Households living in inadequate housing include those living in "severely inadequate" or "moderately inadequate" housing.

Source: Urban Institute calculations of data from 2021 American Housing Survey.
Pace of For-rent Completions Have Largely Recovered from Housing Burst, but Fewer Rentals Have Lower Rents

Source: US Department of Housing and Urban Development and Census Bureau; Tabulations from the Joint Center on Housing Studies (second figure only)
Homeownership Can Provide Housing Stability and Wealth Building

**Share of Cost-burdened households**

- All Occupied Households: 30%
- Renter Households: 60%
- Homeowner Households: 45%

**Housing Equity Share of Total Home Values**

- Home Values: $30 Trillions
- Housing Equity: $25 Trillions

**Sources:** Urban Institute calculations of 2021 American Housing Survey Data and Financial Accounts of the United States.
Inventory Remains Low And New Construction Continues to Lag

Active Listings by Price Tier Over Time

Higher Mortgage Rates Amplified Affordability Challenges

Sources: Freddie Mac and National Association of REALTORS.
Change in the Composition of Single-family House Price

Sources: National Association of Home Builders report “Cost of Constructing a Home – 2022”. Other includes: finished lot cost, overhead and general expenses, marketing costs, sales commissions and profit.
Top Challenges Builders Face

- Higher Interest Rates
- Rising Inflation in the US Economy
- Cost/availability of Labor
- Difficulty obtaining zoning/permit approval
- Impact/hook-up/inspection/other fees
- Building materials prices
- Cost/availability of lots
- Negative media reports making buyers cautious
- Buyers expect prices or rates will decline if they wait
- Higher Interest Rates
- Rising Inflation in the US Economy
- Cost/availability of Labor
- Difficulty obtaining zoning/permit approval
- Concern about employment/economic situation
- Local/state environmental regulations and policies

Sources: National Association of Home Builders.
Communities of Color Are More Likely to Experience Homelessness and to Rent

And Less Likely to be Homeowners

Sources: Urban Institute calculations of data from the American Community Survey and data collected under Home Mortgage Disclosure Act data.
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