



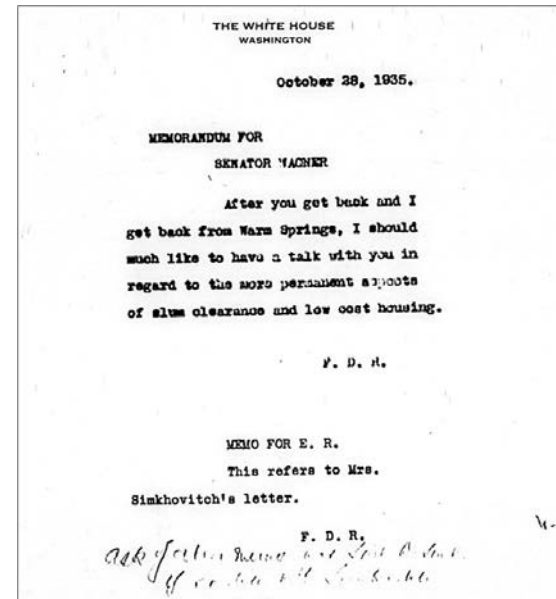
The National Housing Conference

David M. Dworkin
President and CEO



What is NHC?

- NHC has been defending the American Home since 1931
- We are the oldest and most diverse coalition of housing advocates in the United States.
- We believe everyone in America should have equal opportunity to live in a quality, affordable home in a thriving community
- We have advocated for every major housing legislation since the creation of the FHA.





Who is NHC?

205 Members including:

JP Morgan Chase
Wells Fargo Bank
Bank of America
Mortgage Bankers Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Multifamily Housing Council
National Council of State Housing Agencies

National Low Income Housing Coalition
National Association of REALTORS
Center for Responsible Lending
Enterprise Community Partners
Low Income Support Corporation
Low Income Investment Fund
Tennessee Housing Development Authority
and 190 others!



Housing Finance Reform



- Eleventh year of Conservatorship
- Unique background of Mnuchin and Calabria
- Dual Tracking Administrative and Statutory Reform
- Major issues yet to be resolved
 - Transition risk
 - Race to the bottom
 - Explicit vs. Implicit guarantee
 - Regulatory powers outside of conservatorship



Opportunity Zones

- Opportunity Zones created in Dec. 2017 tax bill
- States identified zones – a one time process
- Treasury finalizing existing regulations
- Risk of Minimal Regs
- Enormous potential if done right. Equal risk if done wrong
 - ✓ Clear protections to avoid displacement
 - ✓ Meaningful data collection to assess impact

CRA Modernization

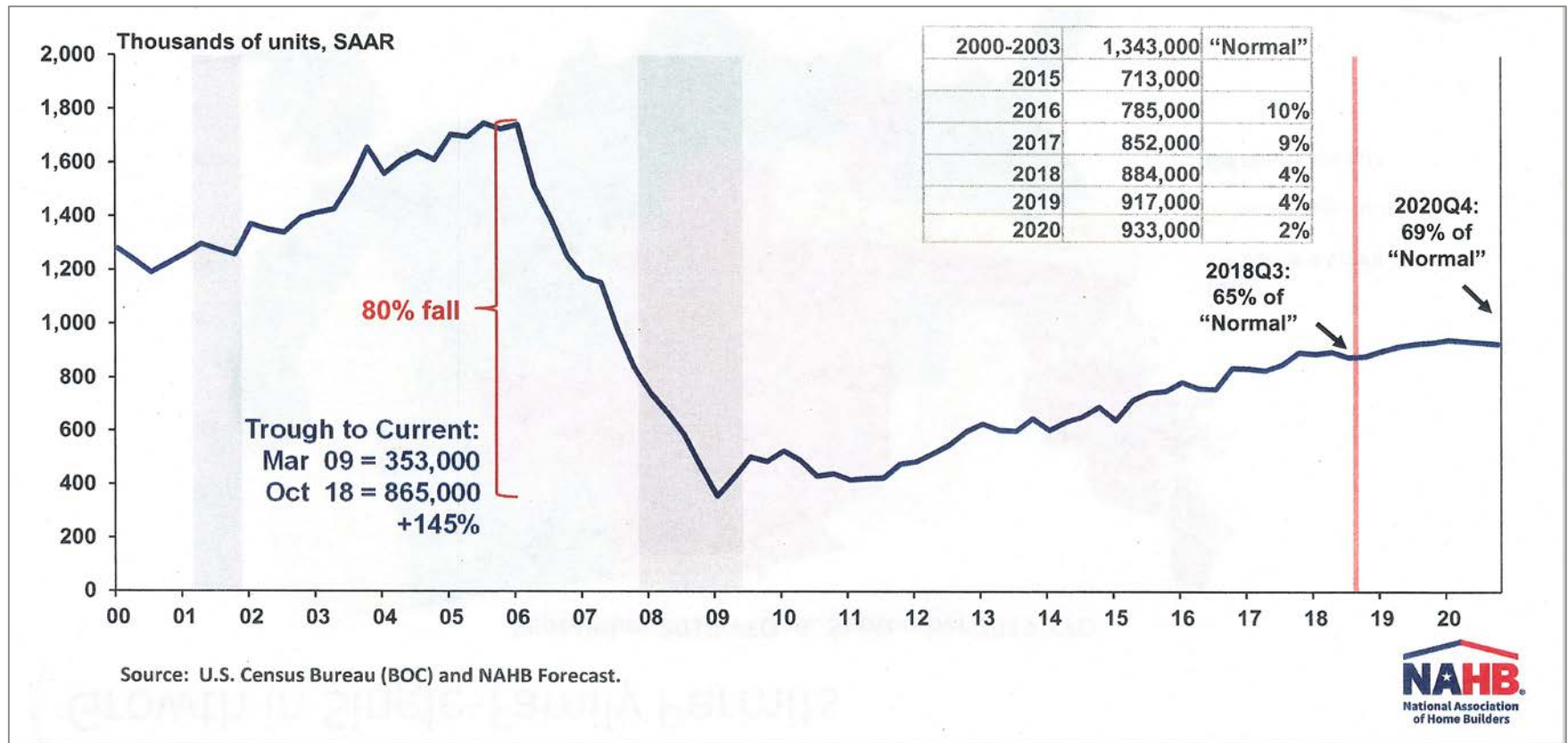
- The Community Reinvestment Act enacted in 1977
- First major modernization effort since 1995
- Treasury made recommendations to regulators in April, 2018
- OCC released ANPR without FDIC and Federal Reserve. All three agencies are reviewing comments
- Major issues:
 - Single ratio
 - Clarity v. Flexibility
 - Future of branch banking and assessment areas

Housing Affordability

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- A solid dark blue vertical bar on the left side of the slide.
- 
- A solid red vertical bar on the left side of the slide, extending from the top of the list area to the bottom.
- Housing affordability is a growing crisis that is attracting bipartisan attention
 - Homeless populations are growing for first time in seven years – largely due to significant increases in economic homelessness
 - Nearly every income cohort is impacted
 - This is a supply crisis, not demand driven as in the run up to the Great Recession

Housing Affordability

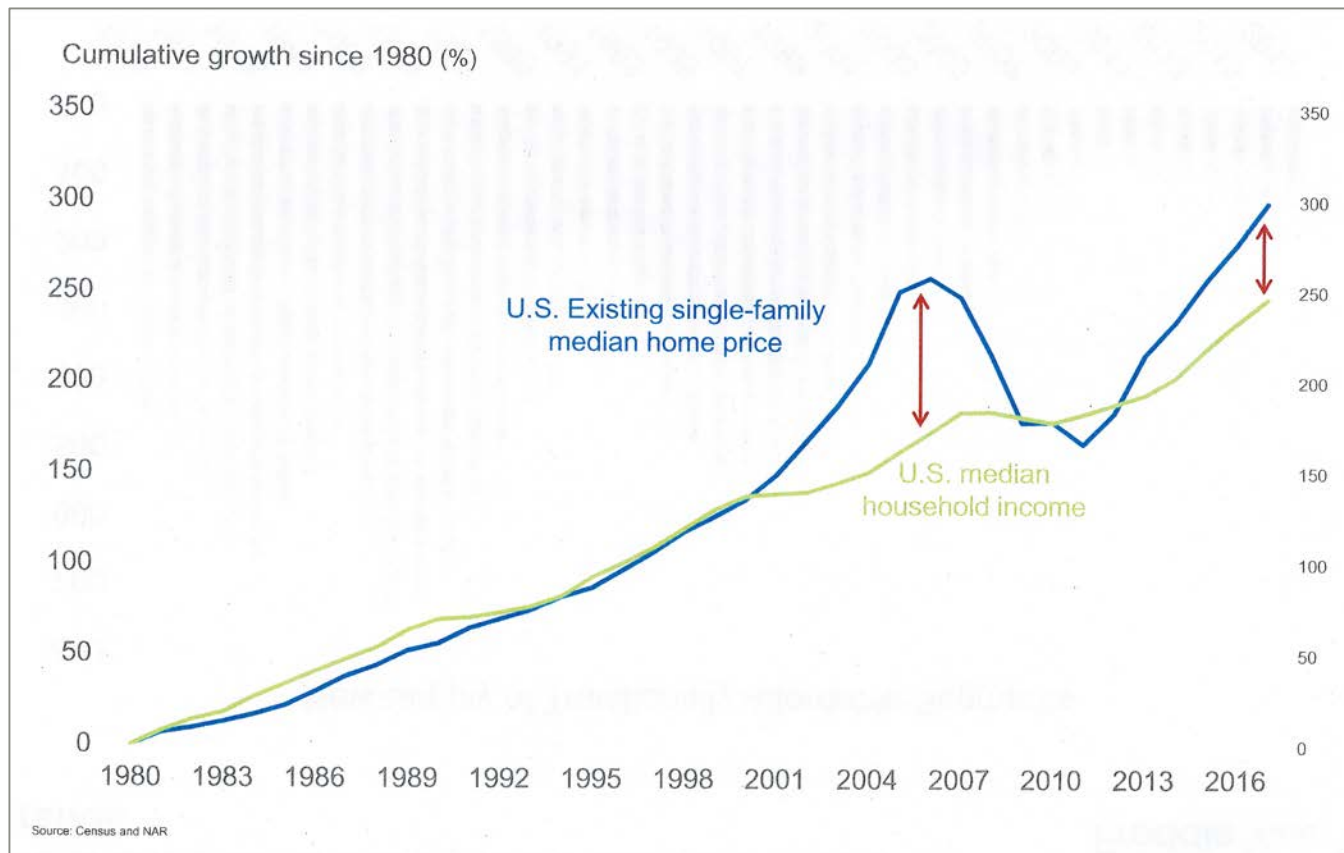
- We have never fully recovered our home building capacity.
- We remain nearly half a million units short.



Housing Affordability

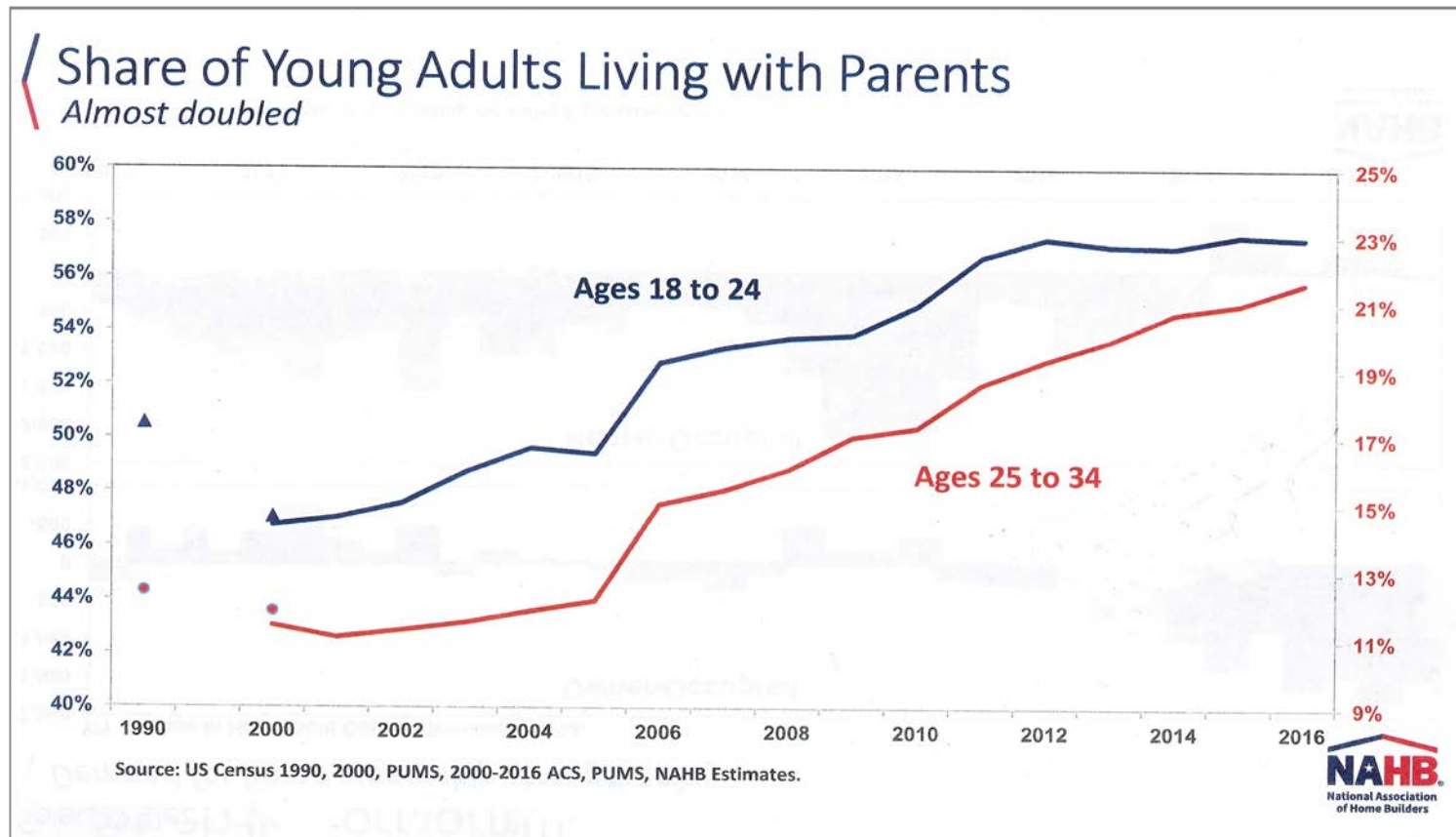


- Lack of supply is to widening the gap between income and home price.
- Today's housing crisis is supply driven, rather than demand-driven.



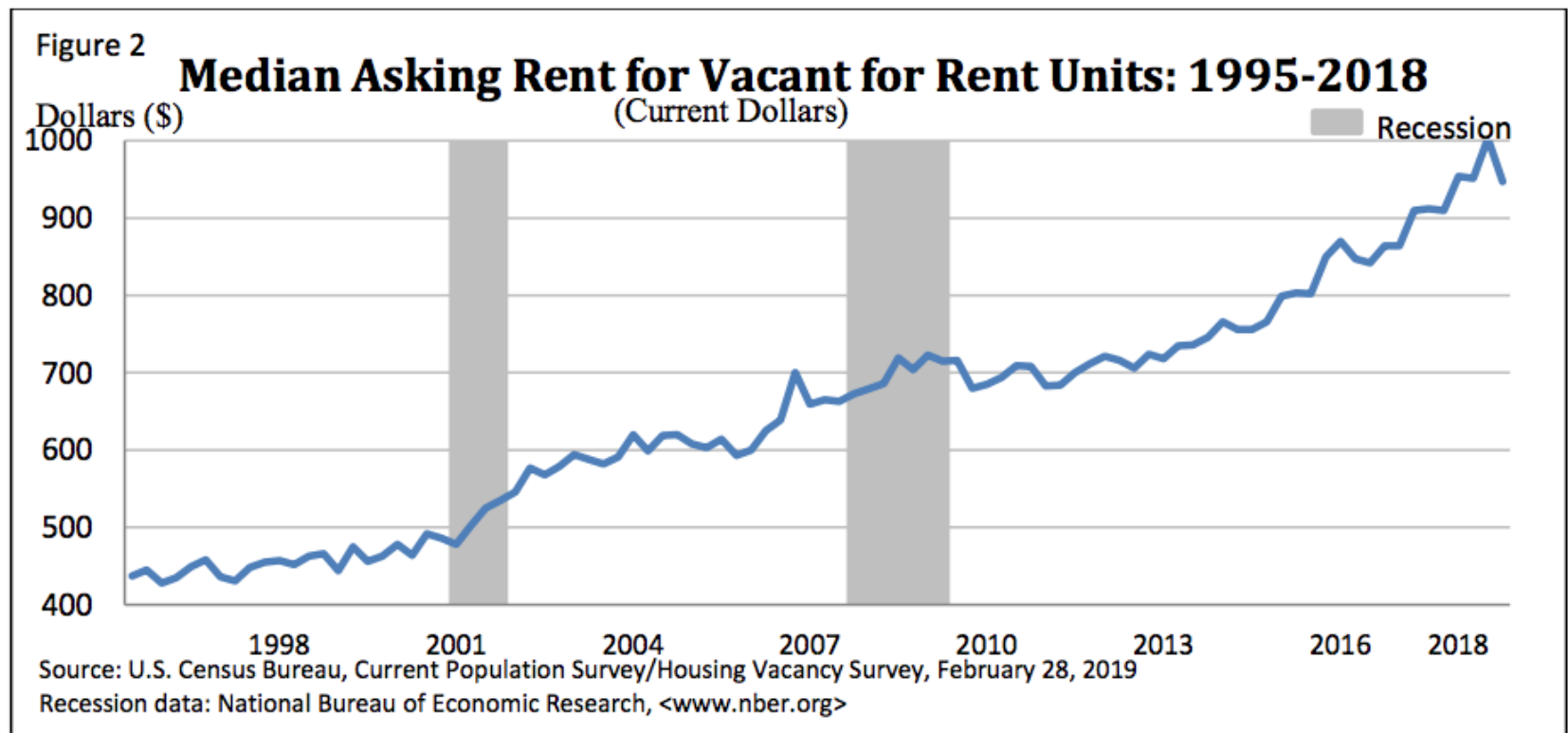
Housing Affordability

- One in six Millennials age 25-34 live with their parents!



Housing Affordability

- Rents have continued to rise, as homeownership has fallen.

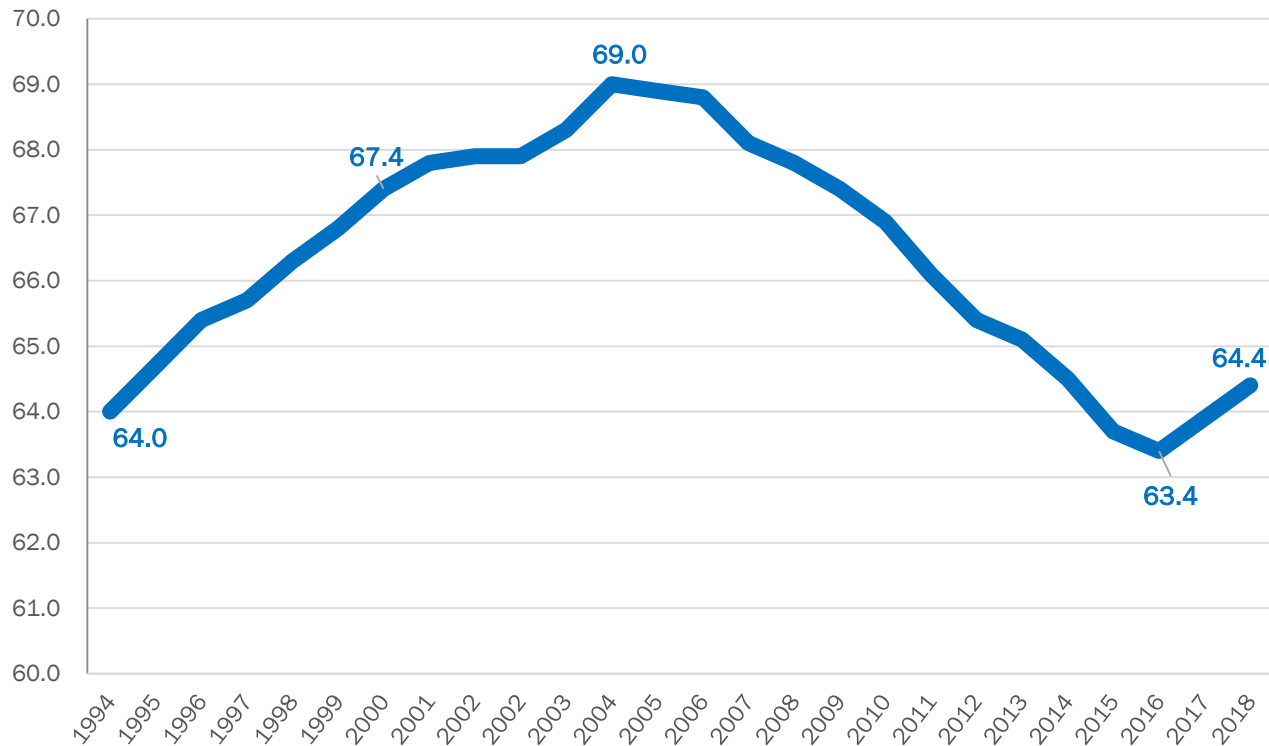


Homeownership



- The homeownership rate has only recently began to recover.

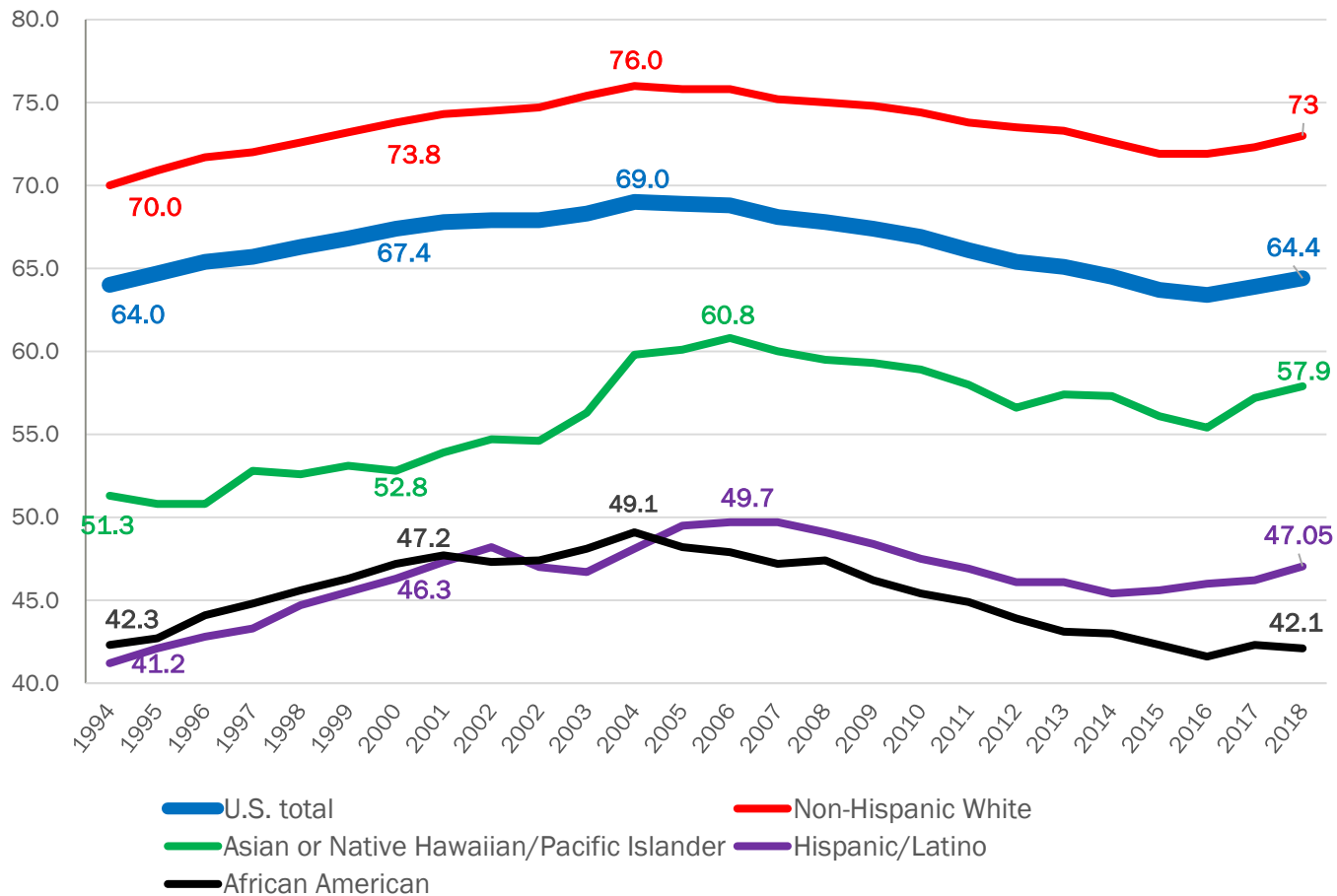
Homeownership Rate 1994-2018



Homeownership

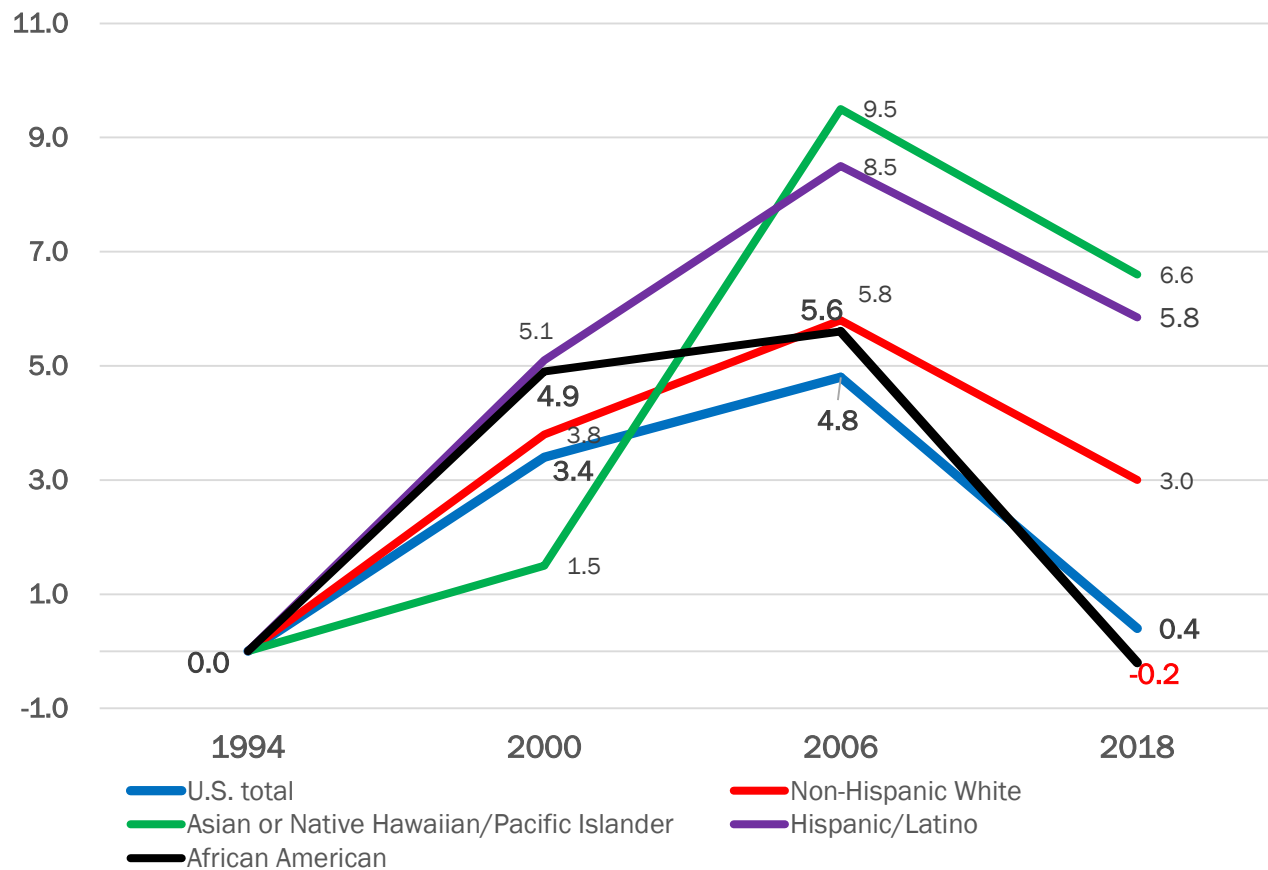


Homeownership Rates by Race/Ethnicity 1994-2018



Homeownership

Change in Homeownership Rates by
Race/Ethnicity 1994-2018



NHIA



- The Neighborhood Homes Investment Act is a new federal tax credit to rebuild distressed neighborhoods and retain/attract moderate/middle-income homeowners
- NHIA covers the gap between development cost and market value
 - Can be used for:
 - New construction/sale to homeowner
 - Substantial rehabilitation/sale to homeowner
 - Existing homeowner rehab

NHIA



- How it works...
 - States write allocation plan
 - States allocate tax credit authority to NHTC sponsors
 - Sponsors include developers, investors, lenders, local government agencies
- Sponsors raise equity capital from investors
- Sponsors (1) provide construction loans to builders and homeowners or (2) develop directly

NHIA



- Eligible Home Types
 - Single-family homes with 1-4 units
 - Condominium units
 - Cooperative housing
 - Factory-made housing permanently affixed to real property
- Maximum home price cannot exceed 4x AMFI
 - Example: if AMFI = \$70,000, then max price would be = \$280,000

NHIA



- Census Tract Criteria:
 - Poverty rate $> 130\%$ of area poverty rate and
 - Median family income $< 80\%$ of area median family income (AMFI) and
 - Median value of owner-occupied homes $< 100\%$ of area median value of owner-occupied homes
- 22% of census tracts nationwide
- 24% of non-metro tracts nationwide

NHIA



NHIA Financing Example	
Land	\$ 30,000
Construction	\$ 140,000
Total Development Cost	\$ 170,000
Less: Sales Price (at Appraised Value)	\$ -130,000
NHIA Amount (Appraisal Gap)	\$ 40,000

Based on the above example, each \$1 billion in NHIAs would generate:

- 25,000 homes built or rehabilitated
- 33,393 jobs in construction and construction-related industries
- \$4.25 billion of total development activity
- \$1.82 billion in wages and salaries
- \$1.25 billion in federal, state, and local tax revenues and fees



A National Housing Act for the 21st Century

Major National Housing Acts in US history


- 1933 – FDIC and HOLC
- 1934 – FHA
- 1937 – Public Housing
- 1938 – Fannie Mae
- 1946 – VA Loan Program
- 1949 – Urban Renewal
- 1965 – Dept. of Housing and Urban Development
- 1968 – Fair Housing Act, GNMA, TILA, HUD 235
- 1977 – Community Reinvestment Act
- 1987 – McKinney Homeless Assistance Act
- 1990 – Cranston-Gonzalez (HOME, HOPE)



A National Housing Act for the 21st Century

HR 1 in 2021

- Homeownership
 - Increase homeownership
 - Build affordable housing
 - Close minority homeownership gap
- Rental
 - End affordable housing shortage
- Homelessness
 - End economic homelessness
 - End chronic homelessness
- Disaster Relief
 - Redesign flood insurance program to address climate change
- Community Development
 - Redevelopment without Displacement



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