



Housing Market Disruptors

Impacts of speculation and sharing

Erik Kingston, PCED

Housing Resources Coordinator, Idaho Housing and Finance Association

Board, Idaho Rural Partnerships

Faculty, NW Community Development Institute

Perspective

- Housing Information and Referral Center—Hotline
- Fair housing | Access
- Community and Economic Development
- Housing as a Second Language
- Non-traditional partnerships



Balanced ecosystem



- Healthy housing markets create stability
- Housing types, prices should reflect local needs
- Low-cost housing = perpetual wage subsidy*
- Local ownership best reflects community values
- Speculation can undermine community interests
- Housing cost burden affects everyone

*h/t Peter Dreier Ph.D.

Disruptors

Four Horsemen of the Housing apocalypse



poverty flipping conversion commodification

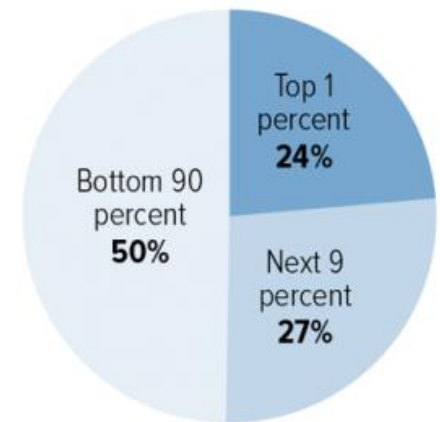
1. Poverty/Disparity

Factors

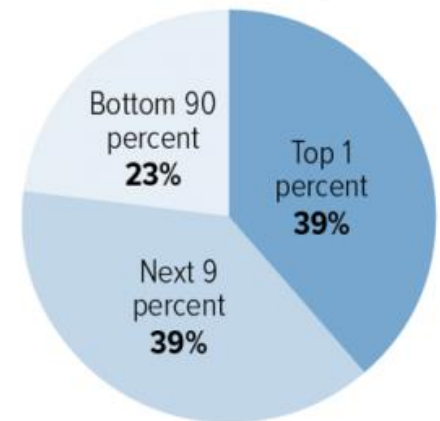
- Labor market/policy
- Household makeup
- Education gap
- Housing choice, social capital
- Nutrition, health, education
- Intergenerational inequality

Wealth Is Even More Concentrated Than Income

Distribution of before-tax income, 2016



Distribution of wealth, 2016



Note: Percentages may not add to 100 percent due to rounding.

Source: Survey of Consumer Finances 2017

Hotline observations: 1998-present

- Single-parent households
 - Approx. 25% of U.S. families (mostly women*)
 - Choices: heat/eat? car payment/rent/phone?
- Rental vacancy rates $\pm 1\%$; Y/Y rents $\wedge 4.5\%$ **
- Low wages undermine work incentives
- Long commutes, substandard housing
- Insecurity, instability costs (school, job, civic)
- Persistent credit barriers reduce options

*Source: US Census Living Arrangements of Children: 1960 to present

**Apartment List Rentonomics, 2/28/18

Debt

America's consumer debt keeps skyrocketing



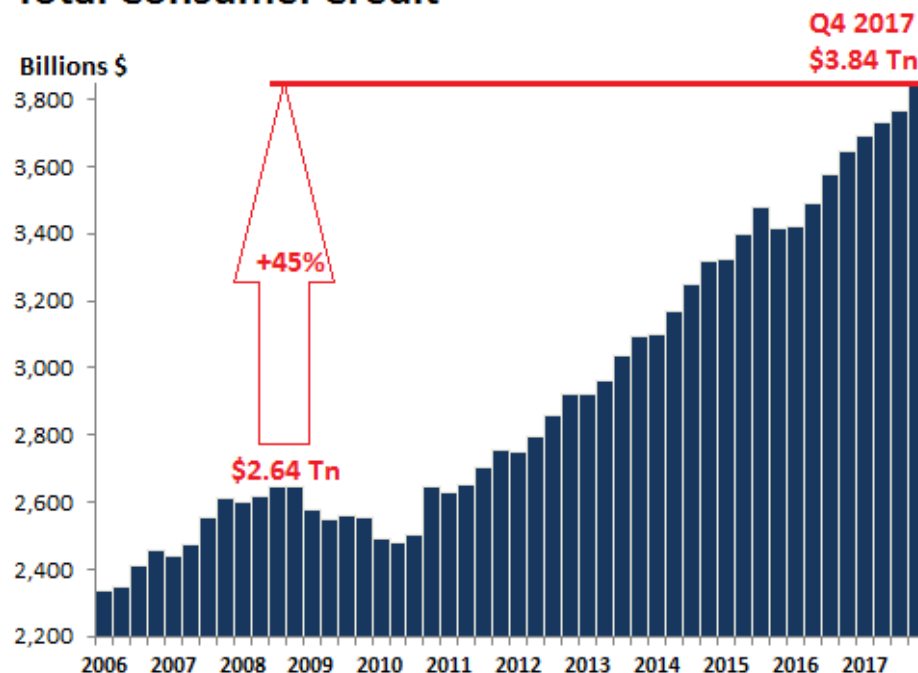
Wolf Richter, Wolf Street



Feb. 8, 2018, 7:29 PM

3,183

Total Consumer Credit



Source: Fed Board of Governors, St. Louis Fed

WOLFSTREET.com

- Credit card, auto, student loan debt
- Student debt delays millennial home buying*
- Debt limits opportunity

*Source: realtors.org / asa.org 9/18/17

2. Flippers

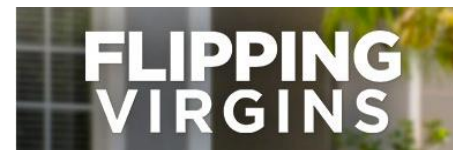
THIS TIME IT *IS* DIFFERENT

House flippers triggered the US housing market crash, not poor subprime borrowers

Quartz: August 29, 2017

- Flipping shows linked to bubble*
- ‘Erodes affordability’ w/o value*
- Focus shifting to secondary markets**
- Investor class led in loan defaults***

*The rise in mortgage delinquencies is virtually exclusively accounted for by real estate investors.****



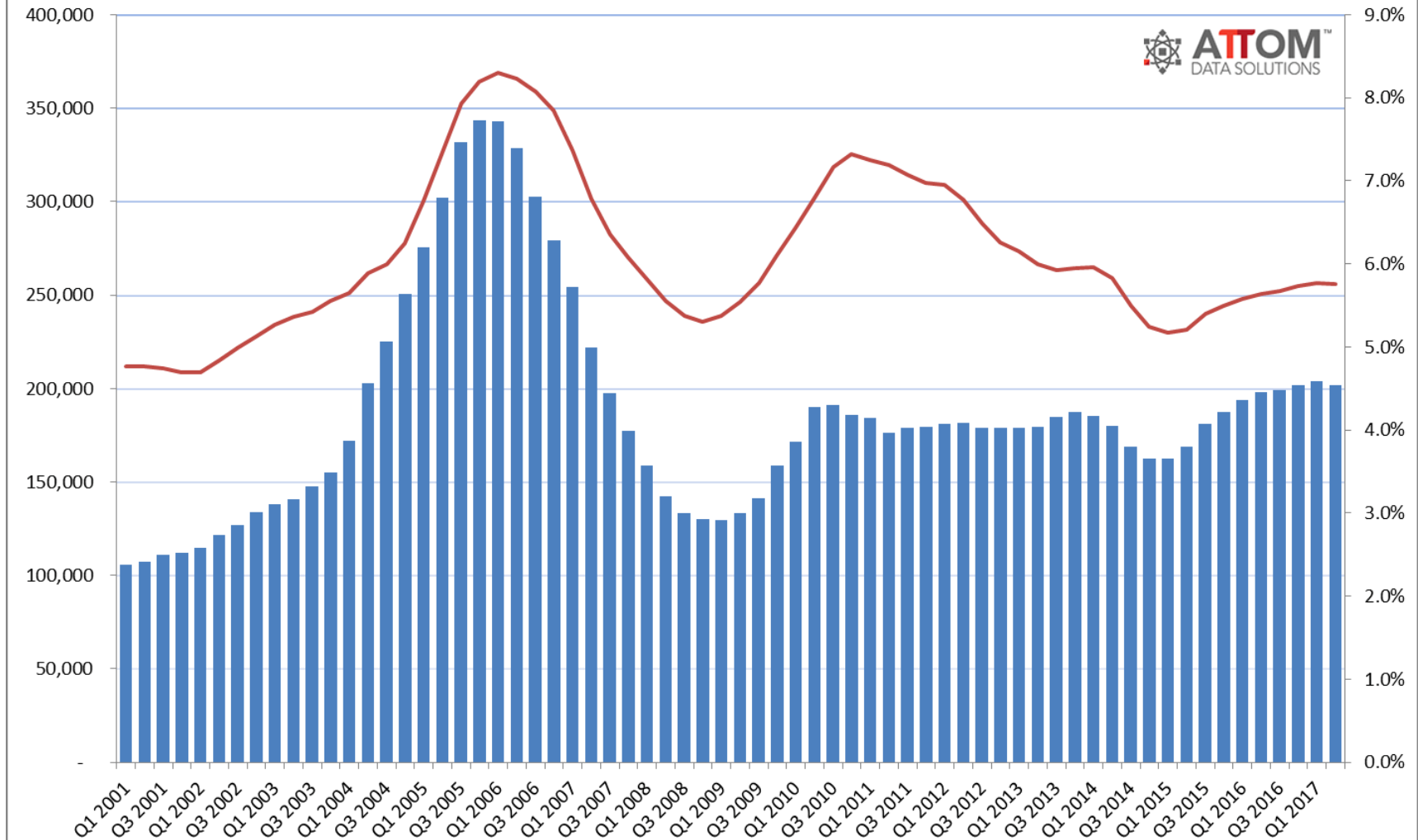
FLIPPED
LIFESTYLE

We'll Be Back Soon...

*Source: Matthew Gardner 10/17 Attomdata 9/12/17 ***NBER 8/29/17

U.S. Home Flipping Trends

■ Single Family Home and Condos Flipped (Trailing 12 Months) — Home Flipping Rate (Pct of Total Sales)



3. Conversions increase prices

- Affordability concentrated in legacy properties
- Purchase, refinance, renovation > rent increase

Tough calls for Glenbrook Apartments tenants in
Boise, who are being forced to vacate

By Zach Kyle - zkyle@idahostatesman.com



Short-Term Rentals



- Short-term rentals (STRs) + vacation homes
- Valley County >78% / Cascade >55%
- Berlin / Switzerland / Sandpoint / Park City

Employers grapple with tight housing market

**Berlin's
'Zweckentfremdungsverbot'
law bans 'entire place'
listings on Airbnb**

Switzerland Dealing With
Second Home Ban



4. Commodification



Without affordable housing,
Vancouver risks becoming an
economic ghost town

Ryan Holmes: High housing costs are threatening the future of Silicon Valley North, but that can be changed if Vancouver is willing to grow up

“房子是为了生活，而不是投机”
— 习近平



UN report on foreign investment*

- Global real estate: 60% of all global assets \$217T
- Residential real estate = \$163 trillion or 75%
- More than twice total global GDP.

“...global financial factors have led to greater income inequality, spatial segregation, inadequate housing provision and growing homeless populations.”

*Source: Statement by U.N. Special Rapporteur on the right to adequate housing 3/1/17

Outside investment*

- Undermines democratic governance, local control, community integrity
- Exacerbates inequality and social exclusion
- Detaches housing from community, human dignity and security

Commodification of housing leading to empty homes, greater inequality, UN report finds

[News](#) | Words [Linda Cheng](#)

WORLD

THE HIDDEN COSTS OF THE WORLD'S GHOST APARTMENTS

Is Your City Being Sold Off to Global Elites?

Visas for sale, skyrocketing housing prices, miles of condos.

*Housing is at the centre of an historic structural transformation in global investment. —Leilani Farha**

*Source: Statement by U.N. Special Rapporteur on the right to adequate housing 3/1/17

Corporate landlords

- Profile: Tom Barrack
- Colony Starwood Homes*
- 30K+ single-family homes
- Mortgage-backed securities
 - JP Morgan Chase > \$3.2B
 - Drive-by appraisals
 - Rampant code violations



[Barrack's] business model is based on a fast-churning cycle of penalty fees and eviction notices.

—RevealNews

After the bubble burst—6/10/17

Bonus: “...we’re here to help”

- Tax Bill > LIHTC 235K-unit drop over 10yrs*
- Cuts to HUD, USDA, HHS, SNAP, ACA**
- Work requirements***
- Preemptive state laws protects STRs, landlords

Is everyone a Realtor?

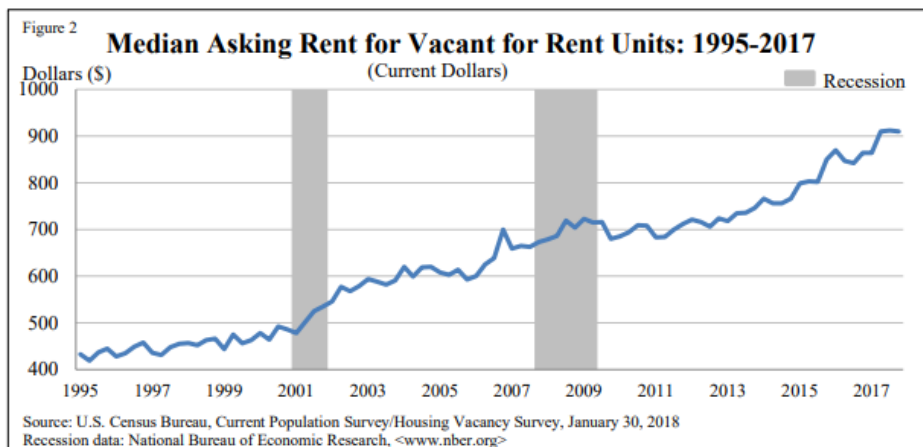
Realtors are everywhere in the West these days — including the seats of power

M. John Fayhee | March 20, 2006 | *From the print edition*

High Country News

Ripple effects

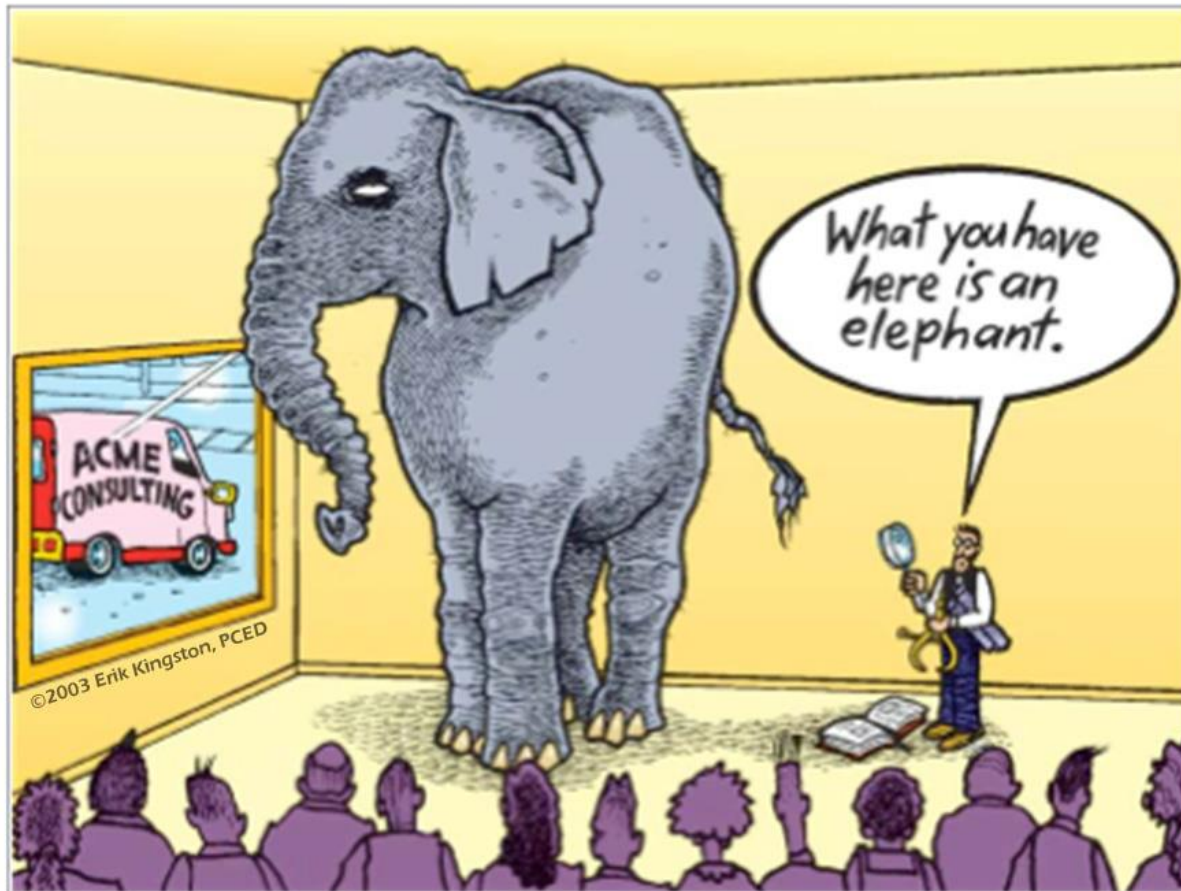
- Rent inflation



- Cost burden/shift
- 1.289M fewer vacant rentals since Q4 '09*

*Source: American Fact Finder (Note: U.S. Households up by 9M in same period)

One bite at a time...



Discussion

Other perspectives?

Anticipated consequences for...

- ...families and individuals?

- ...neighborhoods and communities?

- ...education, health care and societal costs?

- ...workforce/economic development?

Can we compensate for these factors?

Adaptive strategies