

November 11, 2016

Issue 16-44

Trump Administration And Housing

While housing was largely overlooked in both presidential campaigns, the issue remained close to the surface. Each of the major party candidates addressed housing, however slightly, but the issue failed to gain traction because it didn't catch on as a social media topic.

There likely will be major policy shifts in a Trump administration. One of the first moves by President-elect Donald Trump will be the selection of a no-nonsense HUD secretary to reverse much of the department's operational and policy transformation developed by the Obama administration.

Topping Trump's list of housing objectives is rescinding the Affirmatively Furthering Fair Housing rule and most, if not all, of the ancillary rule changes that bolster AFFH enforcement. Trump became familiar with the AFFH program as a major real estate investor and homeowner in Westchester County, NY (*see related story -- HUD Secretary Naming List Short -- in this issue*).

Trump likely will move immediately to bolster HUD oversight of housing program spending and operations. A Trump administration likely will focus on a return to homeownership supported by responsible mortgage lending to counter the Obama administration's drift to a rental-housing platform as the country's principal housing policy.

That would dramatically reverse the Obama administration's shift from program oversight to push the department's resources toward what it envisions as a single-payer federal rental housing and modified homeownership system with the Federal Housing Administration and Section 8 housing vouchers playing the major roles.

One of Trump's major thrusts will be an attempt to alter or deep-six the Wall Street Reform & Consumer Protection Act of 2010 -- a.k.a., the Dodd-Frank Act -- which has been anathema to the mortgage lending industry and housing market recovery.

With Republicans continuing to control the House and Senate, expect dramatic changes to the Dodd-Frank Act, including its possible repeal and restructuring of the Consumer Financial Protection Bureau, freezing all new regulations, and reinstatement of the Glass-Steagall division between commercial and investment banking.

Whatever approach Trump takes toward the banking industry and Wall Street will certainly be challenged by Sen. Elizabeth Warren (D-MA), the new leader of progressive Democrats and a force on the Senate Banking Committee.

A war of words is expected if Trump decides to deregulate the banking industry. Breaking up big (too big to fail) banks, a primary Warren initiative, appears to be unlikely. But the Massachusetts senator is certain to battle the new administration over bank deregulation.

Meanwhile, the Senate Banking Committee gavel is expected to be held by Sen. Mike Crapo (R-ID). The chair is now held by term-limited Sen. Richard Shelby (R-AL). With the GOP reins on the Senate reduced, it will be more difficult for GOP-moderate Crapo to move some legislation out of committee unless he is able to generate support from moderate Democrats to offset far right Republican opposition on the panel.

Reform of the housing finance system is certain to be high on the agenda. The Obama administration has managed to sidestep reform of Fannie Mae and Freddie Mac following their emergence from near defaults and returns to profitability. Their profits have been a principal source of money for general U.S. spending during the past three years.

With the GOP now in full control inside the Beltway, expect the proposal to overhaul housing finance designed by House Financial Services Chairman Jeb Hensarling (R-TX) to gain legislative traction.

11/10/16 10:32 PM

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