

President Obama's Housing Plan – Actions and Policies to Help Tenants and Promote Affordable Housing

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Deep Global Financial Crisis Impacts

- The past year saw the worst global financial crisis in 70 years.
- U.S. and Europe fell into deep recession, with housing prices falling, millions of jobs gone and trillions of \$ in wealth lost.
- U.S. tenants and homeowners have been hit hard by the crisis.
- Housing prices fell dramatically in many U.S. cities – over 50% in some places. Foreclosures have risen greatly.
- Rents are high; nearly one-fourth of U.S. rental households paid over 50% of income in rent in 2007.
- Homelessness rose 56% in rural and suburban areas; between 1.6-3.5 million Americans are homeless at some point each year.

Obama Administration Took Immediate Action

- President Obama entered office in midst of this global crisis, and launched a massive government response to stabilize the economy and avoid another Great Depression.
- The new Administration took aggressive action to stem economic contraction, unlock frozen credit markets, ease monetary conditions, restore confidence, stimulate demand, and strengthen financial supervision/regulation.
- This included a Presidential commitment to help preserve and expand affordable housing.

Multifaceted responses in many areas

Administration steps to address the housing crisis:

- 1. Immediate homeowner and mortgage support;**
- 2. Billions in new resources through U.S. stimulus package, for tenant and affordable housing support;**
- 3. A balanced policy emphasizing support for tenants;**
- 4. Strong budget support for vouchers, public housing funds, and rental assistance;**
- 5. Proposal for a Consumer Financial Protection Agency; and**
- 6. Health care reform to reduce homelessness.**

Homeowner Affordability and Stability Plan

- The February **Financial Stability Plan** included major support for 7-9 million struggling homeowners.
 1. Refinancing for 4-5 million homeowners;
 2. Comprehensive \$75 billion **Homeowner Stability Initiative**, to prevent foreclosures and reduce monthly payments to 3-4 million homeowners;
 3. Support for low mortgage rates by strengthening confidence in U.S. lenders Fannie Mae and Freddie Mac;
 4. High transparency – websites for consumer assistance.

Stimulus Package to Boost Growth, Generate Jobs, Support Housing

- **American Recovery and Reinvestment Act** (stimulus plan) enacted February 17
 - \$787 billion in spending and tax cuts, mostly over 2009-11 (5.5% of annual GDP)
 - To preserve and create jobs, productive investment in infrastructure, science, energy, health, education
 - Included \$14 billion for Housing and Urban Development (HUD) support projects from 2009-13

Billions in New Support for Tenants and Affordable Housing

- **\$14 billion in stimulus spending for housing, nearly $\frac{3}{4}$ for low-income tenants.** This includes:
 - \$4 billion for repairs and modernization of the existing 1.2 million public housing units.
 - \$1.5 billion in grants for short-term help with rent and housing relocation for homeless families
 - \$2.25 billion in energy efficiency retrofits to low-income housing.
 - \$2.25 billion for building and rehabilitating energy efficient low income housing.
 - \$2 billion for communities to buy and rehabilitate foreclosed and vacant properties.

More Emphasis on Supporting Tenants

- While the Administration strongly supports home ownership, it is shifting toward a more balanced policy, emphasizing more support for tenants.
- **\$4.25 billion of the stimulus package** will directly support creation of tens of thousands of federally subsidized rental units in U.S. cities.
- These apartments and townhouses will help ease the increase in U.S. homelessness caused by the crisis.

Strong Budget Support for Vouchers, Public Housing Funds and Rental Aid

- The President's Fiscal Year 2010 budget request for Housing and Urban Development is \$46.4 billion. This includes:
- **\$17.8 billion in vouchers**, a \$1.8 billion increase over 2009. This is the largest U.S. low-income housing assistance program, serving over 2 million very low income households.
- **\$15.7 billion to preserve public, assisted and Native American housing units**, for operating and capital expenses and rental assistance.
- **\$1 billion for a new housing trust fund, \$1.8 billion for the HOME program**, and other targeted assistance.

Strengthening Consumer Protection - A Consumer Financial Protection Agency

- Weak consumer protection in subprime mortgage lending and other financial products contributed significantly to the financial crisis.
- In response, the Administration in June proposed creation of a **Consumer Financial Protection Agency**
 - CFPA would promote clear information for mortgage purchasers and other consumers, and protect them from unfair and deceptive practices.
 - CFPA would require transparency, simplicity and fairness in lending.
 - CFPA would be independent, with enforcement authority.

U.S. Action: Next Steps

- The Department of Housing and Urban Development has announced many grants of stimulus funds. Recently:
 - Sept. 23 - \$500 million in grants to 134 authorities to retrofit existing public housing with energy efficient technologies
 - Sept. 25 - \$1.43 billion in homeless assistance grants to thousands of local projects across the country.
- U.S. support for health care reform, to extend coverage to 46 million uninsured, can help prevent financial disasters that cause homelessness.
- HUD Secretary Shaun Donovan chairs the Interagency Council on Homelessness – multiagency effort to reduce homelessness in the U.S.

Obama Administration - A Global Advocate for Tenants and Affordable Housing

The Obama Administration wants to work with international partners on our shared housing challenges.

“President Obama has asked that we become engaged in the global discussion on our shared vision of making socially and environmentally sustainable urban communities. This is a time of great challenge and great opportunity when it comes to addressing the 21st century housing and sustainability issues facing the nations of the world.”

-HUD Secretary Shaun Donovan

U.S. Celebrating International Tenants' Day and World Habitat Day, October 5, 2009

- The Obama Administration is showing its support for global housing efforts on World Habitat Day
- Secretary Donovan, UN Ambassador Susan Rice, and Dr. Anna Tibaijuka of UN-Habitat are co-hosting events in Washington today, including a video address from President Obama and performance by Bon Jovi!
- On behalf of the U.S. Mission, we support International Tenants' Day, commend you for your organizing of this conference, and wish you great success in your efforts.
- Thank you very much!