



The Daily Dish

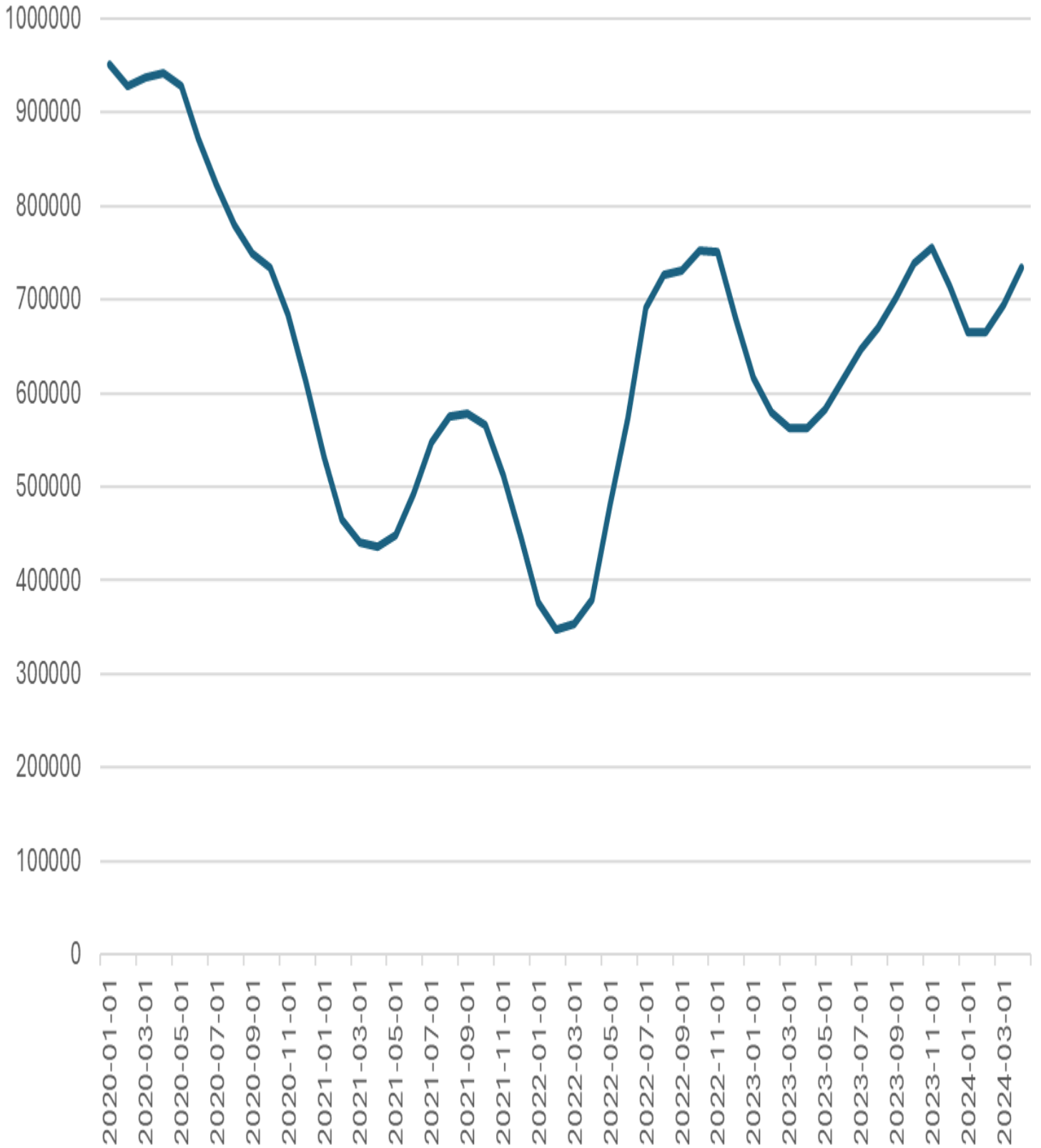
Housing and the Election

DOUGLAS HOLTZ-EAKIN | MAY 22, 2024

Housing has been central to economic discussions over the past several years. The Fed's tools to fight inflation – interest rate hikes and quantitative tightening using (in part) mortgage-backed securities – have had a disproportionate impact on the housing sector. Nevertheless, shelter inflation in the Consumer Price Index continues to run at the elevated pace of 5.5 percent year-over-year.

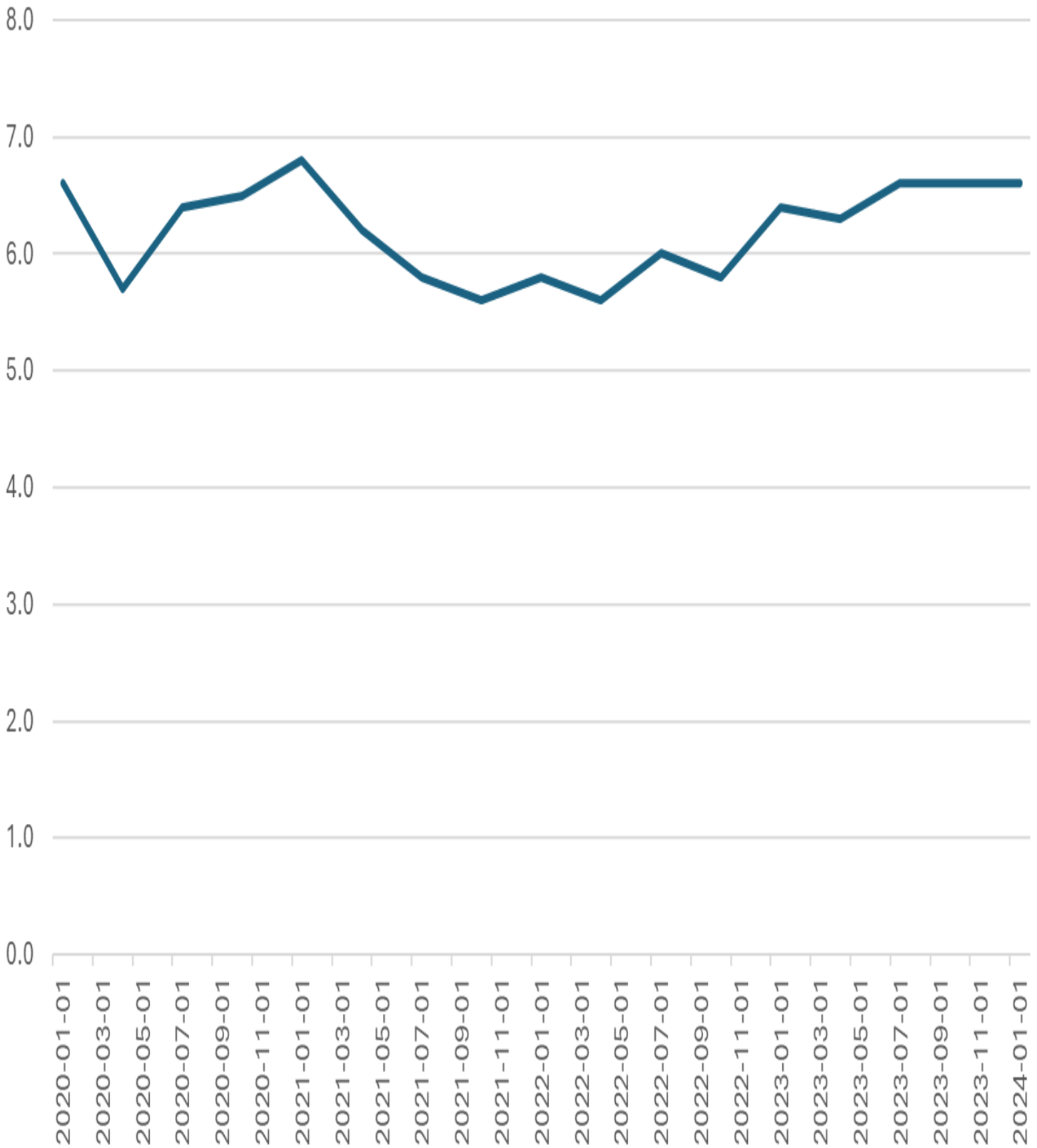
The paucity of affordable housing is unlikely to change soon. As shown below, the available inventory of owner-occupied homes has barely budged in the past several years. (These data are not seasonally adjusted, so one can observe the uptick in listings each spring and summer.)

Housing Inventory: Active Listings



The vacancy rate in the rental sector has also barely budged. Accordingly, it seems likely that the candidates will be pressed on their approach to the housing sector.

Rental Vacancy Rate



As a guide to the issues, Thomas Kingsley has a new [insight](#) comparing the housing policies of candidates Biden and Trump. As he notes:

The Trump presidency was characterized by efforts to capitalize the government-sponsored enterprises (GSE) with a view to privatization, while the Biden presidency instead reversed much of this progress in the failed pursuit of affordable housing goals while ignoring safety and soundness mandates.

He concludes:

The next president will need to navigate a complex web of ongoing and new policy concerns, from the appropriate role of the GSEs to the nation's persistent lack of housing inventory, issues that would be challenging enough even without the background of persistent high inflation.

Inflation has dominated the political debate, but housing is intimately related to inflation and could emerge as the sleeper issue of this cycle.