

# The Best Opportunities the Trump Administration Brings to Housing

Commentary by Gary Acosta



For the first time in history, the United States elected a president without any political or military experience. For some, this means a promising departure from the status quo and the rapidly increasing feelings of disenfranchisement from our political system. For others, a Trump presidency encourages apprehension, as his directives are considerably less predictable than those of a seasoned politician. While fumbling GSE reform or following through on his promise for mass deportations would cause major setbacks to the housing market, below are where some of the best opportunities might exist.

## Housing Supply

If you asked 100 agents the No. 1 thing that would help them sell more homes, the most common answer would be increasing available housing inventory. The home-building industry was nearly decimated during the housing crisis. New-home construction was almost non-existent between 2008 and 2013. During that same period, the country added nearly five million new households. The net result of this shortage of

housing supply has been a sharp increase in home prices and a sharp decrease in affordability.

This has proven to be a difficult problem to solve, as rising construction costs and an increasingly complicated regulatory environment have made the business prospect for the construction of affordable homes unviable in many markets. The Trump Administration could, by providing supply-side solutions to our housing inventory challenges, inject a power-

ful boost to the industry and go a long way toward reversing the trend of decreasing homeownership rates.

## Financial Regulations

Members of the new administration have already promised an overhaul of our financial regulations. While a full repeal of Dodd-Frank would be unlikely, the new administration could start by curtailing or eliminating the excessive use of the False Claims Act, which many industry leaders believe has caused a substantial reduction in lending to first-time buyers and other borrowers on the margin.

While nobody wants a return to the irresponsible lending that proliferated in the last decade, pulling back on a few regulatory levers would stimulate demand.

## Consumer Confidence

Many would-be homebuyers have been cautious to leap into the housing market. While the shortage of housing inventory has made this less noticeable, as the market continues to normalize, a shortage of buyers will become more problematic.

Trump could use his formidable promotional talents to advise the country that it's safe to get back into the housing market, and that purchasing a home is still one of the best ways to build wealth and improve your quality of life. Because purchasing a home is as much about emotion as anything else, one of the best things our new Commander in Chief can do is also be the "Cheerleader in Chief" for buying a home. Given that housing represents about 16 percent of our overall economy, Trump should have the appropriate motivation to do exactly that. **RE**



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