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How Would A Second Trump Term Impact Major Housing Issues?

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With less than 75 days to the Nov. 3 presidential election, let's examine what affordable and fair housing could look like if Donald Trump wins a second term as president. Although President Trump has not issued a housing plan ahead of the election, we can look at past policy choices to get a picture of what we might expect from a second term.

Housing has become a hot topic since the coronavirus was declared a pandemic on March 11. With a jump in unemployment from 3.7% in 2019 to 10.2% in July of this year, some 30 to 40 million homeowners and renters across the country face evictions, while mortgage delinquencies hit a nine-year high the second quarter of 2020.

This article is based on reviews of Trump administration policies that:

- Replaced an Obama-era rule designed to reduce housing discrimination that critics say diverted money away from the communities they were designed to help
- Created Opportunity Zones designed to attract investors to neglected neighborhoods
- Imposed tariffs on Canadian lumber
- Gave single-sex homeless shelters the right to turn away transgender people

Forbes Advisor reached out to both the Trump and Biden campaigns, but neither responded for comment. To learn how a Biden administration might handle affordable housing issues, see [this story](#).

Trump Housing Overview: A Suburban Appeal

One of the Trump administration's most recent housing policy moves—one that could have wide-ranging impacts on fair housing—was the July 23 termination of the Affirmatively Furthering Fair Housing (AFFH) regulation, a provision of the 1968 Fair Housing Act.

The Obama administration enacted the rule to ensure that municipalities which receive Department of Housing and Development (HUD) funding proactively prohibit housing discrimination. The rule also requires that any community receiving HUD funding must create plans to promote fairness and inclusion in housing decisions.

The communities were obligated to use data on demographics, employment, education, public safety and other information to identify any patterns of racial bias. Those plans had to be submitted to and approved by HUD before receiving federal funds, such as the Community Development Block Grant, one of the most extensive ongoing HUD programs.

But HUD Secretary Ben Carson characterized the regulation as ineffective, stating that the AFFH rule was “unworkable and ultimately a waste of time for localities to comply with, too often resulting in funds being steered away from communities that need them most.”

Ed Pinto, senior fellow at the American Enterprise Institute, a right-leaning think tank, agrees the rule did little to provide housing for those in need; instead, it created “unnecessary red tape and was useless in expanding the supply of affordable housing.”

“The real problem is NIMBYism,” Pinto says. NIMBY is an acronym for “not in my backyard,” which is used to describe anything that people wouldn’t want near where they live; in this case, multifamily housing, like apartments and condos.

“If the AFFH rule is supposed to help people who need affordable housing, it’s not doing that. The problem is the zoning.”

Trump: No More ‘Low-Income Housing Built in Your Neighborhood’

The Trump administration proposed a replacement rule to AFFH called the “Preserving Community and Neighborhood Choice.” In essence, administrators would only have to “certify” they are offering housing that is “affordable, safe, decent, free of unlawful discrimination and accessible under civil rights laws.”

The president recently tweeted on the topic, saying “...people living their Suburban Lifestyle Dream that you will no longer be bothered or financially hurt by having low-income housing...”

Critics called both the action and Trump’s tweets around it racist and classist.

David Dworkin, CEO of the National Housing Conference, a nonprofit, nonpartisan coalition of national housing leaders from both the public and private sector, says that some municipalities found the AFFH reporting requirements “onerous,” but that instead of tossing out the entire rule, HUD could have made revisions to certain reporting practices.

“I think it’s reasonable to argue how much reporting needs to be done,” Dworkin says. “But Trump has thrown the whole thing in the garbage can.”

Part of the problem with the Trump administration's criticism of the AFFH rule is that it confuses AFFH with zoning laws, says Michael Tanner, senior fellow at the Cato Institute, a libertarian think tank. Tanner points to an April 15 Wall Street Journal opinion piece co-written by Trump and Carson that blames the AFFH rule for ending single-family zoning.

"We reversed an Obama-Biden regulation that would have empowered the Department of Housing and Urban Development to abolish single-family zoning, compel the construction of high-density 'stack and pack' apartment buildings in residential neighborhoods, and forcibly transform neighborhoods across America so they look and feel the way far-left ideologues and technocratic bureaucrats think they should."

Although Tanner supports the idea that single-family zoning is contributing to the shortage of affordable housing in the U.S., he says the AFFH rule does not mandate cities and towns to change their zoning laws.

"Trump is going way beyond AFFH when he talks about zoning laws. But, given the history of zoning laws—which were explicitly racist, now they're more implicitly racist," Tanner says.

Still, many non-partisan housing industry groups strongly oppose rolling back the AFFH rule, including the National Association of Realtors, Habitat for Humanity, the American Institute of Architects and the Council of Large Public Housing Authorities.

Trump Seeks to Change Unfair Housing Practice Rule

Under the Trump administration, HUD also proposed to revise the disparate impact rule, which the Obama administration codified into law in 2013, though no changes have been made yet. Disparate impact is a legal tool used to combat unfair housing practices against minorities, especially practices that on their surface don't employ explicitly racist or discriminatory terms.

Among the proposed revisions is the prohibition of "single events" from falling under disparate impact. A single event is when a business or government entity gives preference in one instance, even if that preference shows up repeatedly.

Here's an example: A mortgage lender providing a sales incentive to loan officers that encourages them to market riskier loans with higher costs to people of color could be considered a single event because the incentive might not have been repeated in a systematic way. Yet the sales record shows evidence that discrimination has taken place in isolated instances.

And land decisions—such as where a developer might decide to build—which face individual review, might be interpreted as a single event.

Several fair housing organizations used the disparate impact rule to settle a case that alleged Facebook unlawfully made it possible for advertisers to direct housing, employment and credit ads to Facebook users based on race, color, gender, age, national origin, family status and disability.

“The proposed revision to the disparate impact rule basically makes it impossible to bring a lawsuit against discriminatory algorithms. It creates a huge loophole,” says Solomon Greene, a senior fellow in the Research to Action Lab and the Metropolitan Housing and Communities Policy Center at the Urban Institute, a Washington D.C.-based think tank.

According to Greene, many lenders supported the disparate impact rule for two reasons: It helps lenders have clarity around Fair Housing laws and these lenders are aware of the problems of inequality.

Tariffs Impact New Construction Starts

At a time when housing supply is low, President Trump’s 2017 tariffs on Canadian lumber have put a strain on construction. The administration imposed the tariffs after arguing that Canadian companies were selling lumber at prices unfair to U.S. firms.

Today, the current supply of houses on the market sits at 4.7 months, which means it would take that much time to deplete the existing housing stock. Generally, a six-month supply will give homeowners moderate price appreciation; anything less drives prices up.

“Housing construction has led every economic recovery in every single recession except for the housing crisis in 2008,” the National Housing Conference’s Dworkin says. “Housing is jobs and jobs are housing. Right now, housing construction is falling off a cliff. We need to change that immediately.”

U.S. tariffs on Canadian softwood lumber averages just over 20% and are passed on to builders, which “could hurt the housing sector and the economy,” Gerald Howard, CEO of the National Association of Homebuilders (NAHB), a nonpartisan, nonprofit organization, wrote in an Aug. 7 letter to the White House. He called on the president to “address skyrocketing lumber prices and chronic shortages’ of lumber.”

Howard asked Trump to return to the negotiating table with Canada to forge a new agreement that would reduce tariffs and ease the burden on American construction efforts. He also urged the president to call on domestic lumber producers to ramp up their output.

Encouraging Housing Investment in Distressed Communities

The Trump administration created Opportunity Zones (OZ) as an incentive for businesses to invest in low-income and economically distressed neighborhoods, under the 2017 Tax Cuts and Jobs Act. Investments like retail centers and affordable housing would be eligible for tax breaks.

The Urban Institute reviewed how successful these zones have been in stimulating the economy in targeted areas; the results were mixed. The upside was that some investors were more aware of neighborhoods they might not have otherwise considered. The downside was that “the vast majority of OZ capital appears to be flowing into real estate, not into operating businesses,” which would create jobs and stimulate the economy in these areas.

Some critics of the tax break say there are not enough rules or reporting required to make sure the program is working, while others believe it's just another boost for the rich masked as a good deed.

The idea of Opportunity Zones makes sense, Tanner says. Still, the evidence doesn't show that it's as successful as I thought it would be a few years ago. "The problem is you tend to move existing businesses from one part of town to another rather than creating new business for people living in those neighborhoods."

HUD Alters Rule Protecting Transgender Homeless Population

In a move that could hurt homeless transgender people who often face discrimination, HUD changed the Equal Access Rule to give single-sex shelters the right to turn away people whose genders do not match their biological sex. This change better attuned to the needs of religious shelter providers, according to a HUD statement.

"Each shelter's policy is required to be consistent with state and local law, must not discriminate based on sexual orientation or transgender status, and may incorporate practical considerations of shelter providers that often operate in difficult conditions," according to a July 1 HUD press release.

Critic Jama Shelton, assistant professor at the Silberman School of Social Work at Hunter College at the City University of New York, argues that discriminatory changes are framed as "choice" while in reality, they're gutting fair housing regulations.

"There's a lot the current administration has done to revoke protections. It puts a burden on people who are working in HUD shelters, especially when there are so many people that are facing trans bias," Shelton says.

The updated Equal Access Rule states that shelters who turn away transgender people must refer them to another shelter, but this directive is inadequate, says Ann Oliva, a visiting senior fellow with the housing team at the Center on Budget and Policy Priorities, a nonpartisan research institute based in D.C.

"People experiencing homelessness already face multiple barriers to entry, such as limited capacity, sobriety rules and family size limitations," Oliva said. "This additional barrier for transgender and nonbinary people would likely cause vulnerable people to choose to stay in dangerous or unsheltered situations over a system that overtly discriminates against them."

Bottom Line

President Trump's recent comments on single-family zoning could mean that the housing shortage will get little help from the administration, and might be met with more obstacles.

Furthermore, the Opportunity Zones program, which has yielded mixed results, will likely continue to extend tax breaks to established businesses and real estate developers rather than having a consequential economic impact for those in need.