

# HOUSING REVIEW

JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

Graduate School of Design

SPRING 2007

Kennedy School of Government

## NEW REPORT IDENTIFIES SEVERAL KEY SOURCES OF FUTURE GROWTH FOR REMODELING MARKET

In February, the Joint Center released *Foundations for Future Growth in the Remodeling Industry*, its latest report in the *Improving America's Housing* series. Major topics covered in the report include ten year projections on changing homeowner demographics and the impact on home improvement spending, continuing and emerging trends that will support sustained growth in the remodeling market in both the short and long run, and the growing fragmentation of professional contractors serving the remodeling industry.

Over the last decade, the U.S. home improvement market nearly doubled in size, reaching a new high of \$280 billion in 2005. After years of exceptional growth, the remodeling sector has returned to a more sustainable pace. Underinvestment in the owner-occupied and rental stock, a growing desire for energy-efficient retrofits, continued strength in high-end discretionary improvements, and projected increases in both the number of homeowners and per household expenditures ensures solid growth in remodeling activity in the years ahead.

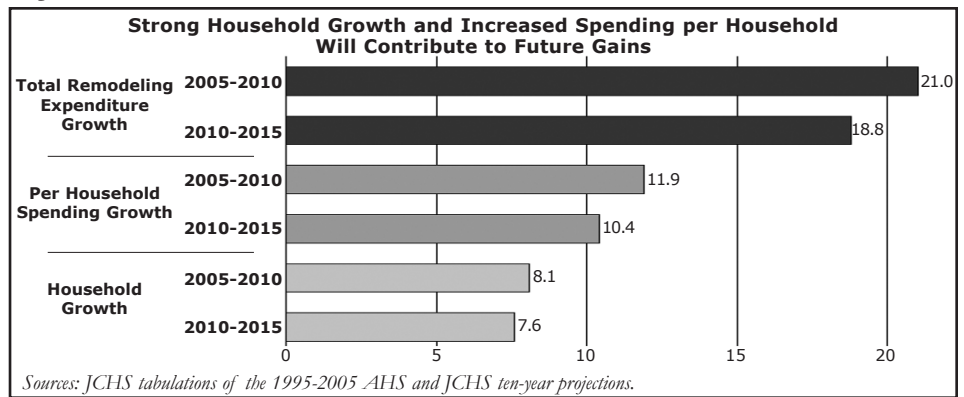
Homeowner spending on remodeling is expected to increase at an inflation-adjusted compound annual rate of 3.7 percent between 2005 and 2015, generating 43.6 percent growth for the decade. Also, with new construction slowing from its record pace and improvement and maintenance activity strengthening, the remodeling share of residential investment is expected to reach a new high of 47.0 percent by 2015.

In recent years, home improvement expenditures have become concentrated at the high-end, with almost a third of spending on upper-end discretionary

projects by 2005, up from only a fifth in 1995. In 2004-2005, the top five percent of households spending the most for home improvements accounted for 61 percent of all remodeling expenditures, up from 45 percent a decade ago. Though spending on high-end discretionary improvements will continue to lead overall

growth, several other economic and demographic forces are currently in place that will ensure favorable and more balanced growth in remodeling activity in the coming years.

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## MORTGAGE MARKET COMPLEXITY FOILS CONSUMERS AND UNDERMINES FAIR LENDING

On April 25, 2007, the Joint Center released two reports as part of our continuing study of the financial services industry with support from the Ford Foundation. *Understanding Mortgage Market Behavior: Creating Good Mortgage Options for all Americans* examines consumer and lender behavior in the marketplace. This study suggests cooperative solutions for government officials, industry leaders and advocates to ensure that consumers receive "good mortgage loan" options that best suit both their immediate and longer-term needs. *Mortgage Market Channels and Fair Lending: An Analysis of HMDA Data* uses 2004 Home Mortgage Disclosure Act data to better understand the flow of capital in the mortgage lending process to determine if borrowers - especially minorities - are evaluated fairly in the mortgage market.

In a briefing held at the offices of the Federal Reserve Board of Governors in Washington, DC, Joint Center researchers discussed how lenders have created a range of mortgage products designed to make home buying affordable to more people and how the recent increase in delinquencies and foreclosures suggests

that many households take on more debt than they can reasonably expect to repay. *Understanding Mortgage Market Behavior: Creating Good Mortgage Options for all Americans* argues that consumers have a limited ability to make informed choices. Unlike consumer behavior toward common purchases, most buyers enter the mortgage market not knowing exactly what kind of mortgage they want or need and not fully understanding the short- and long-term implications of the many available mortgage products. In addition, many loan marketing strategies exploit these consumer decision making weaknesses, and the widespread use of incentive payments often encourage mortgage brokers and retail loan officers to promote higher-priced products. Consumers, therefore, often fail to obtain a loan product that they understand and have a reasonable ability to repay.

Beyond issues linked to behavioral variables, many argue that a mortgage lending gap exists because an increasing number of high-priced mortgages end up

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## RECENT PUBLICATIONS

**W06-5: Multiple-Home Ownership and the Income Elasticity of Housing Demand***By Eric S. Belsky, Zhu Xiao Di, and Daniel McCue*

It stands to reason that households that divide their consumption of housing services among two or more properties may make different choices about their primary residences than households that own a single home. For example, those splitting their consumption among multiple homes may allocate less, all else equal, to their primary home and make decisions about the locations of their primary and second homes that have implications for urban form and the operation of land and housing markets. This paper examines the determinants of the ownership of multiple homes and the influence of multiple-homeownership on the income elasticity of housing demand. It explores the impact of owning multiple homes on the income elasticity of demand for just primary residences, as well as total housing consumption.

**W06-6: Market Data for Housing Innovation: A Policy Agenda and Plan***By Kermit Baker*

Prepared for the Partnership for Advancing Technology in Housing (PATH). Supported by HUD (cooperative agreement H-21490CA) and McGraw-Hill Construction.

Despite the importance of the housing industry to the American economy and its products' great market value, there has not been much investment in both innovative residential technologies and market analyses for those innovations when compared to other industries. This report reviews the problem associated with firms not fully comprehending the behaviors and motivations behind driving through the barriers to fundamental technology innovation and offers some research solutions to answering some of the most critical market questions. It focuses on the public sector role in furthering this market research agenda and specifies actions and timeframes for that implementation. It also suggests other pressing policy issues that can be assisted by accurate and comprehensive market research.

**W06-7: Comeback Cities or the New Melting Pots: Explorations into the Changing Large Cities of New England***By Eric S. Belsky and Daniel McCue*

Prepared for the Lincoln Institute of Land Policy's New England Smart Growth Leadership Forum

Most observers consider cities that regained population after a period of decline as cities that have been revitalized, or in other words "comeback cities." More importantly, many cities that have seen their populations rebound still have not exhibited other signs of revival, such as reductions in the poverty rate, increases in residential construction, and income or residential property valuation changes that match or exceed those of their respective states. This paper examines changes in the population of 50 of the largest cities in New England and groups them into what have become the conventional categories of long-term comeback cities, failed comeback cities, and recent comebacks based on how long population growth in these areas has been restored since 1980 and if it has been sustained through the year 2000.

**W07-1: Growing Wealth, Inequality, and Housing in the United States***By Zhu Xiao Di*

The rapid growth of household wealth in the United States has been accompanied by drastic growing inequality. This paper discusses both wealth and inequality growth, examines demographic factors behind the growth, and analyzes housing's role in it, using the Survey of Consumer Finances data collected by the Federal Reserve Bank.

**W07-2: Revisiting Rental Housing Policy: Observations from a National Summit**

This policy brief communicates essential findings from *Revisiting Rental Housing: A National Policy Summit*, a symposium hosted by the Joint Center last fall with the support of the MacArthur Foundation. Directed toward business and government leaders, the brief focuses on the short-term solutions identified at the symposium as being practical and politically feasible ways to make better use of existing limited resources to address the nation's primary rental housing challenges of relieving rental affordability problems, preserving low-cost rental housing, revitalizing neighborhoods, and using rental housing assistance to help improve the lives, opportunities, and productivity of the poor.

**M06-1: A Decent Home and Suitable Living Environment for all Americans: Rhetoric or Legitimate Goal?***By F. Barton Harvey*

A transcript of the 8th annual John T. Dunlop Lecture, delivered October 3, 2006.

**N06-4: Addendum to Research Note N06-1: Hispanic Household Projections Including Additional Tenure Projection Detail by Age and Broad Family Type for Non-Hispanic White and Total Minority Households***By George S. Masnick and Eric S. Belsky*

This addendum presents additional detail to the household projections released in Research Note N06-1. Hispanic households are split out from the total minority category, and greater demographic detail is provided to the tenure projections released as part of N06-1.

**N07-1: Developing a Leading Indicator for the Remodeling Industry***By Amal Bendimerad*

This paper describes the process for developing the Leading Indicator of Remodeling Activity (LIRA), designed to estimate quarterly current and future home improvement expenditures by homeowners. The indicator, measured as an annual rate-of-change of its components, provides a short-term outlook of remodeling activity, with a horizon of three quarters. Like all leading indicators, it is also intended to signal turning points in the business cycle of the home improvement industry. The LIRA is released quarterly (April, July, October and January) by the Joint Center's Remodeling Futures Program during the third week after each quarter's closing.

## JCHS EXPANDS RESEARCH AGENDA TO CHINA

While the research agenda of the Joint Center is primarily focused on housing in the United States, we recently became more engaged in international housing research. The Joint Center partnered with Tsinghua University's Institute of Real Estate Studies to collaborate on a series of working papers, beginning with a one-year trial period that will involve the production of two papers addressing important and timely housing topics in China. The first paper, currently in progress, will address the impact of China's housing finance system on the supply and demand for housing in urban areas. The papers produced will be released simultaneously in the U.S. and China and in both English and Chinese. Following the trial period, the hope is to extend this collaboration to include more research and other activities.

In addition to our work with Tsinghua University, Nicolas P. Retsinas prepared a case study on housing and real estate in Chongqing, China for a course he teaches at Harvard Business School, "Real Estate Options in Emerging Markets."

## REMODELING

*Continued from page 1*

In the short run, the aging housing stock, rising demand for energy-efficient retrofits, a strengthening market for high-end rentals and the rapidly rising number of senior, minority and non-family homeowners will all support sustained growth in replacements and system upgrades. With the slowdown in the housing market, homeowners are finding that in many cases mid-range versions of projects now have a better payoff than upscale versions. Furthermore, much of the housing stock, including homes all across the price spectrum, has had only modest improvements in recent years, and these underinvested homes are now prime targets for replacements, upgrades and discretionary projects.

In the longer term, demographic trends will significantly impact improvements as each successive generation of homeowners outspends preceding generations at the same age. Though generation X will become the leading source of demand over the coming decade, baby boomers are still expected to remain active in the remodeling market as they become empty-nesters and more boomers opt to age in place. These events all present emerging opportunities for the home improvement industry, yet high-end discretionary projects will continue to bolster improvement spending. While minority and non-family households will be the fastest-growing homeowner categories, increasing by 40 and 20 percent respectively in the next ten years, white family homeowners will still continue to be responsible for the great majority of remodeling expenditures.

*Foundations for Future Growth in the Remodeling Industry* is available at [www.jchs.harvard.edu](http://www.jchs.harvard.edu)

## MAKING HOMES: THE PAST AND FUTURE OF LOW-INCOME HOUSING POLICY

Last year, the Joint Center initiated a project to study the evolution of national low-income housing policy in the United States from its inception to the present, focusing especially on the period since 1960.

Initial investigation reveals that in order to address the policies that came to fruition during the 1960s and 1970s, it is necessary to understand the policies adopted in the period following World War II. The project begins with a look at the activities of the housing trade associations in the 1950s. That phase of the project will culminate with a working paper that describes the code enforcement and rehabilitation campaigns of the 1950s and the activities of housing trade associations on behalf of the Housing Act of 1954, particularly urban renewal programs.

The second phase of research turns to the subject of national low-income housing programs during the 1960s, specifically the role of housing industry associations in fashioning programs that relied on private enterprise. Resources for this phase include back issues of such publications as *House and Home*, a housing industry trade magazine, and the *Journal of Housing and Community Development*, published by the National Association of Housing and Redevelopment Officials (NAHRO). In addition, a search through the federal archives uncovered how the Housing and Home Finance Agency (HHFA), and later the Department of Housing and Urban Development under Robert Weaver, helped create and manage housing programs during the Kennedy and Johnson administrations.

*Making Homes: The Past and Future of Low-Income Housing Policy* is supported by the Ford Foundation, the Fannie Mae Foundation and the MacArthur Foundation, and the research effort is led by Alexander von Hoffman, a senior research fellow at the Joint Center and author of *House by House, Block by Block: The Rebirth of America's Urban Neighborhoods* (Oxford University Press, 2003).

## MORTGAGE MARKET

*Continued from page 1*

in the hands of minorities in low-income neighborhoods, even when those borrowers could have qualified for a lower-priced prime mortgage. *Mortgage Market Channels and Fair Lending: An Analysis of HMDA Data* demonstrates the correlation between the observed racial gap in the ability of households to secure lower-priced mortgages and the characteristics of the organization originating the loan. The paper explains how higher-priced loans, particularly loans made to minorities in lower-income communities, are more likely than lower-priced prime loans to flow through less regulated channels. The findings suggest that under the existing regulatory framework, many of the most vulnerable borrowers are less likely to benefit from the consumer protections available in the lower-priced prime market.

The two reports suggest ways to enhance point of sale consumer assistance and to provide an unbiased network of information to increase the ability of consumers to obtain manageable and fairly-priced loans. Further, they suggest approaches to level the playing field through greater regulatory uniformity and, in doing so, to ensure that all borrowers have access to the same set of consumer protections typically available in the prime market.

*Understanding Mortgage Market Behavior: Creating Good Mortgage Options for all Americans* and *Mortgage Market Channels and Fair Lending: An Analysis of HMDA Data* are available at [www.jchs.harvard.edu](http://www.jchs.harvard.edu)

**JOINT CENTER FOR HOUSING STUDIES:  
FELLOWS AND AFFILIATES**

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To learn more about fellowship opportunities  
available through the Joint Center for Housing  
Studies, visit [www.jchs.harvard.edu/education](http://www.jchs.harvard.edu/education)

**LEWIS RANIERI TO DELIVER  
2007 JOHN T. DUNLOP LECTURE**

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On October 2, 2007, Lewis Ranieri, Founder of the Hyperion Private Equity Funds, will deliver the 9th annual John T. Dunlop Lecture. Generally regarded as the father of the securitized mortgage market, Ranieri helped develop capital markets as a source of funds for housing and commercial real estate and led efforts to obtain federal legislation to support and build the market. He is also Chairman, CEO and President of Ranieri & Co. Inc. and Chairman of American Financial Realty Trust, Capital Lease Funding, Inc., Computer Associates International, Inc., Franklin Bank Corporation and Root Markets, Inc.



He has served on the National Association of Home Builders Mortgage Roundtable since 1989, is honored in the National Housing Hall of Fame and is the recipient of a lifetime achievement award given by the Fixed Income Analysts Society, Inc. Ranieri serves as a trustee of Environmental Defense, Inc. and the Metropolitan Opera Association, and he is Chairman of the Board of the American Ballet Theatre.

The John T. Dunlop Lecture series was founded in 1999 through a partnership between the Joint Center, the National Housing Endowment, and the Graduate School of Design to serve as a lasting tribute to Professor John T. Dunlop and his many contributions to the national housing community.

**The Dunlop Lecture is open to the public. Contact Elizabeth England at [elizabeth\\_england@harvard.edu](mailto:elizabeth_england@harvard.edu) or (617) 495-7640 for more information.**

**2007 EMERGING LEADERS IN COMMUNITY AND  
ECONOMIC DEVELOPMENT**

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The Joint Center and NeighborWorks America are pleased to announce the 2007 Emerging Leaders in Community and Economic Development Fellowship recipients, Jesse Mintz-Roth and Cassi L. Pittman.

Jesse Mintz-Roth is a Masters in Urban Planning candidate at the Harvard Graduate School of Design, and his research this summer will focus on long-term homeownership affordability strategies.

Cassi L. Pittman is a candidate for a Ph.D. in Social Policy at the Harvard Graduate School of Arts and Sciences, and her research this summer will focus on sub-prime lending in African-American communities.

The Emerging Leaders in Community and Economic Development Fellowship is a competitive summer program that provides a unique blend of academics and field experience. Designed for mature, forward-thinking Harvard students, this program provides an opportunity to learn, explore, and make a difference.

## REVISITING RENTAL HOUSING POLICY: OBSERVATIONS FROM A NATIONAL SUMMIT

On November 14 and 15, 2006, the Joint Center, with the support of the MacArthur Foundation, hosted *Revisiting Rental Housing: A National Policy Summit*. The event featured research from several leading academics and practitioners on the state of rental housing policy, with specific insights on the operation of housing markets, the nature of the nation's rental housing problems, and the ways in which policies have addressed or failed to address rental housing's most pressing issues. Breaking away from the usual dialogue, the event included a series of papers with new "out of the box" ideas for engineering existing rental programs as well as new, innovative, controversial policies that might more directly address the fundamental issues surrounding rental housing as suggested by past practice, evaluation research, and insights into the operation of housing markets.

The Joint Center recently released a policy brief titled *Revisiting Rental Housing Policy: Observations from a National Summit* to communicate essential findings from the symposium. Directed toward business and government leaders, the brief focuses on the short-term solutions identified at the symposium as being practical and politically feasible ways to make better use of existing limited resources to address the nation's primary rental housing challenges of relieving rental affordability problems, preserving low-cost rental housing, revitalizing neighborhoods, and using rental housing assistance to help improve the lives, opportunities, and productivity of the poor.

In fall 2007, the Joint Center and The Brookings Institution will publish an edited volume, *Revisiting Rental Housing: Programs, Policies and Priorities*, which is also a product of the symposium.

*Revisiting Rental Housing Policy: Observations from a National Summit*, as well as the conference papers, is available at [www.jchs.harvard.edu/revisiting\\_rental](http://www.jchs.harvard.edu/revisiting_rental)

## PENSION LEADERSHIP FORUM MEETS IN CHICAGO, ILLINOIS

In early March, the Leadership Forum on Pension Fund and Endowment Investments in Domestic Emerging Markets met in Chicago, Illinois. The meeting kicked-off with a presentation on redevelopment projects in Chicago by Housing Commissioner Jack Markowski and David Hill, Chairman and Chief Executive Officer of Kimball Hill Homes. Markowski and Hill also led a tour of Chicago's south-side redevelopments, ending at the University of Chicago where Hank Webber, Vice President of Community and Government Affairs, delivered a presentation on the role of an anchor institution in community redevelopment.

Topics covered at this meeting included a continued discussion of measuring market potential led by Joel Bookman from LISC-Chicago and Alyssa Stewart Lee from The Brookings Institution. Nori Gerardo Lietz of the Pension Consulting Alliance presented her perspective on investing in emerging markets. Debra Schwartz of the MacArthur Foundation and Leonard English of the General Board of Pension and Health Benefits of The United Methodist Church led a discussion on the value the right partnerships can bring to these investments. The meeting wrapped up with a research update from Manjari Ramen of the Inner City Economic Forum.

Now entering its third year, the Leadership Forum on Pension Fund and Endowment Investments in Domestic Emerging Markets, founded by the Joint Center in conjunction with the Harvard Business School and Harvard's Real Estate Academic Initiative, is a collaborative effort to address policy issues and advance an agenda of best practices and innovative business strategies that facilitate institutional investments with high impact. The Forum is comprised of leading pension fund investors, advisors and developers. The chair of the Forum is Bernard Winograd of Prudential Investment Management and the vice chair is Theodore Eliopoulos of CalPERS.

### STAFF PRESENTATIONS

Case Design/Remodeling, Inc.  
Consumer Federation of America  
Fudan University  
Habitat for Humanity International  
Hanley Wood, LLC  
Harvard Business School  
International Builders' Show  
Kohler Company  
Lincoln Institute of Land Policy  
Massachusetts Association of Realtors  
Massachusetts Mortgage Bankers Association  
Missouri Housing Development Commission  
National Center for Healthy Housing  
National Community Reinvestment Coalition  
National Council of Affordable Housing Market Analysts  
National Housing Conference  
National Remodeling Convention  
Phoenix Realty Group  
Ryland Homes  
University of Chicago Business School

### PUBLISHED RESEARCH AND COMMENTARY

**NICOLAS P. RETSINAS**  
"Mega-cities, mega-problems." *The Los Angeles Times*. February 28, 2007.  
"Housing on the wish list." *The Boston Globe*. December 6, 2006.

**ERIC S. BELSKY**  
"The Gathering Storm." *Big Builder*. November 2006.

**RACHEL DREW**  
"The Truth about Concentrated Poverty." *Shelterforce*. Fall 2006.

**ALEXANDER VON HOFFMAN**  
"Riding out the Housing Bust." *The Boston Globe*. October 16, 2006.

**KERMIT BAKER INDUCTED INTO REMODELING HALL OF FAME**

In October 2006, Kermit Baker was inducted into the Remodeling Hall of Fame by the National Association of Home Builders (NAHB) Remodelers Council. Kermit is the



Director of the Joint Center's Remodeling Futures Program, a research effort that began in 1995 to develop an improved understanding of the dynamics of the U.S. repair and renovation industry.

"Kermit's leadership has illuminated a long overlooked part of the housing sector," says Nicolas P. Retsinas, Director of the Joint Center.

Kermit is also the Chief Economist for the American Institute of Architects. In this role he analyzes business and construction trends for the U.S. economy and examines their impact on AIA members and the architectural profession.

He holds a master's degree in urban planning from Harvard University and a Ph.D. from Massachusetts Institute of Technology in the same field.

**JCHS WELCOMES MEG NIPSON**

Meg Nipson joins the Joint Center's staff from Harvard's Hauser Center for Nonprofit Organizations, where she was a research associate studying nonprofit finances. She previously served as a research associate at Nexus Associates, a small program evaluation firm, and worked for almost a decade at the Harvard Institute for International Development as a project administrator and group manager. She holds a master's degree in finance from Brandeis University and an A.B. in mathematics from Harvard College.



**SPRING 2007 BROWN BAG LECTURES**

*All of the following events are open to the public. Please visit [www.jchs.harvard.edu/calendar](http://www.jchs.harvard.edu/calendar) for more information.*

**COMEBACK CITIES OR THE NEW MELTING POTS: EXPLORATIONS INTO THE CHANGING LARGE CITIES OF NEW ENGLAND**  
*February 13, 2007*  
Daniel McCue, Joint Center for Housing Studies

**THE EFFECTS OF GSE AND CRA REGULATIONS ON HOMEOWNERSHIP**  
*April 13, 2007*  
Stuart Gabriel, University of Southern California, Lusk Center for Real Estate

**THE ROLE OF GOVERNMENT IN MORTGAGE FINANCE**  
*April 23, 2007*  
Ronald A. Rosenfeld, Federal Housing Finance Board

**RECONNECTING NORTHERN AND SOUTHERN IRELAND: REGIONAL SUSTAINABLE PLANNING OPTIONS**  
*April 25, 2007*  
John Driscoll, Institute for International Urban Development and a Joint Center for Housing Studies Visiting Fellow

**SERIES: FAIR HOUSING**  
*Co-sponsored with the Fair Housing Center of Greater Boston*

**COMMUNITIES OF OPPORTUNITY: WHY FAIR HOUSING ISN'T ENOUGH**  
*February 27, 2007*  
Xavier de Souza Briggs, Massachusetts Institute of Technology

**FINANCIAL OPPORTUNITIES FOR MINORITIES AND THE PROBLEMS ASSOCIATED**  
*March 20, 2007*  
Ren Essene and William Apgar, Joint Center for Housing Studies

**HEALTH IMPACTS OF HOUSING AND ENERGY COSTS: TRANSLATING RESEARCH AND CLINICAL EXPERIENCE INTO POLICY**  
*April 24, 2007*  
Lauren A. Smith, MD, MPH, Boston University School of Medicine

**INCREASING HISPANIC HOMEOWNERSHIP: TRENDS, BARRIERS AND OPPORTUNITIES**  
*May 3, 2007*  
Christopher Herbert and Alvaro Cortes, Abt Associates

**JCHS STAFF**

- William Apgar, *Senior Scholar*
- Kermit Baker, *Director - Remodeling Futures Program*
- Pamela Baldwin, *Deputy Director*
- Eric Belsky, *Executive Director*
- Amal Bendimerad, *Research Analyst*
- Zhu Xiao Di, *Senior Research Analyst*
- Rachel Drew, *Research Analyst*
- Elizabeth England, *Program Coordinator*
- Ren Essene, *Research Analyst*
- Angela Flynn, *Staff Assistant*
- Jackie Hernandez, *Assistant to Nicolas Retsinas and Eric Belsky*
- Nancy Jennings, *Financial Administrator*
- Daniel McCue, *Research Analyst*
- Meg Nipson, *Research Assistant*
- Nicolas Retsinas, *Director*
- Laurel Traves, *Outreach Coordinator and Webmaster*
- Alexander von Hoffman, *Senior Research Fellow*
- Abbe Will, *Research Assistant*

Established in 1959, the Joint Center for Housing Studies is a collaborative unit affiliated with the Graduate School of Design and the Kennedy School of Government.

The Joint Center illuminates the role of housing in shaping communities and outlines the ways in which housing policy and practices are shaped by economic and demographic trends. Through research, education, and public outreach programs, the Joint Center informs debate on critical housing issues and provides leaders in government, business, and the non-profit sector with knowledge and tools for formulating effective policies and strategies.

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## POLICY ADVISORY BOARD: HIGHLIGHTS FROM OUR FEBRUARY MEETING

*The Four Seasons Hotel - Washington, DC*

### ECONOMIC OVERVIEW

Cathy E. Minehan, Federal Reserve Bank of Boston

### A FRESH LOOK AT NATIONAL HOUSING POLICY

The Honorable Brian D. Montgomery,  
U.S. Department of Housing and Urban Development

### FOUNDATIONS FOR FUTURE GROWTH IN THE REMODELING INDUSTRY Speaker:

Kermit Baker, Harvard Joint Center for Housing Studies

### Discussants:

Susan Marvin, Marvin Windows and Doors  
Karen Mendelsohn, Masco Corporation  
John G. Morikis, The Sherwin-Williams Company

### WORKFORCE HOUSING

J. Ronald Terwilliger, Trammell Crow Residential

### FROM HOT TO COLD: LINKING BUILDING LEVELS, JOB GROWTH AND PRICE APPRECIATION TO METROPOLITAN HOUSE PRICE DECLINES

Eric S. Belsky, Harvard Joint Center for Housing Studies

### BUILDING PRODUCTS: BUYING AND SELLING

Anthony J. DiNovi, Thomas H. Lee Partners, L.P.

## PAB WELCOMES NEW MEMBERS

### AFG INDUSTRIES, INC.

*Represented by Brad Kitterman, President and Chief Executive Officer*  
Founded in 1978, AFG Industries is the second-largest glass manufacturer in North America and the largest supplier of glass to the construction industry. The company is headquartered in Kingsport, Tennessee and is proud to offer the broadest product line in the flat glass industry.

### BLUELINX CORPORATION

*Represented by Steve Macadam, Chief Executive Officer*  
Headquartered in Atlanta, Georgia, BlueLinx Corporation is a leading distributor of more than 10,000 building products from over 750 supplier companies. With over 3,300 employees, 900 trucks and 63 warehouses, BlueLinx serves dealers, manufacturers, builders and retailers across the United States.

### SIMPSON STRONG-TIE

*Represented by Terry Kingsfather, President, and Mike Moran, Vice President of Builder Programs*  
Simpson Strong-Tie designs, engineers, and manufactures structural connectors, anchors, and other products for new construction, retrofitting, and do-it-yourself markets. With factories, offices and warehouses in the United States, Australia, Canada, Denmark, France, Germany, and the United Kingdom, the company is the leading structural connector manufacturer in the United States and Europe.

## NEW POLICY ADVISORY BOARD LEADERSHIP

*Stuart Miller named PAB Chair, Bruce Carbonari named Vice Chair*

The Joint Center is pleased to announce that Stuart Miller of Lennar Corporation has accepted the role of Chairman of the Policy Advisory Board, and Bruce Carbonari of Fortune Brands has accepted the role of Vice Chairman.

Stuart Miller is President and Chief Executive Officer of Lennar Corporation, one of the nation's largest homebuilders, and is also a member of the company's Board of Directors. He has worked full time with Lennar for 25 years, serving in various capacities for the Company's Homebuilding Division and former Investment Division. From 1991 to October 1997, Miller was the President of both of these business segments and the primary force behind their growth and success during that time. He assumed his current role as CEO in April 1997. Miller, who is also an attorney, joined Lennar after graduating from the University of Miami Law School in 1982. He received his undergraduate degree from Harvard University.



Since January of 2007, Bruce Carbonari has been President and Chief Operating Officer of Fortune Brands, the \$8 billion consumer products company with premier brands including Moen, Titleist, Master Lock, Jim Beam, Sauza and Courvoisier. He is a 17-year veteran of major operations of Fortune Brands. From 2000 through 2006, he led the company's largest business unit, most recently as President and Chief Executive Officer of Fortune Brands Home and Hardware. During his leadership, the home and hardware unit's annual sales doubled to more than \$4.5 billion. Carbonari earned his bachelor's degree in finance and accounting from Boston College and his master's degree in management sciences from Hartford Graduate Center, an affiliate of Rensselaer Polytechnic Institute.



The other members of the Executive Committee are Peter R. Dachowski, President and Chief Executive Officer of CertainTeed Corporation; Daniel S. Fulton, President and Chief Executive Officer of Weyerhaeuser Real Estate Company; Jim Humphrey, President and Chief Executive Officer of Andersen Corporation; Frederick Marino, Chief Executive Officer and Vice Chairman of Pro-Build Holdings, Inc.; Ian J. McCarthy, President and Chief Executive Officer of Beazer Homes USA, Inc.; Karen Mendelsohn, Vice President of Sales and Marketing for Masco Corporation; Thomas C. Nelson, Chairman and Chief Executive Officer of National Gypsum Company; and Barbara T. Alexander, Executive Fellow at the Joint Center for Housing Studies.

*Established in 1971, the PAB has a longstanding history of supporting housing research at Harvard. The group also serves as a distinguished national forum for leading companies across all industries with interests in the future of housing, including homebuilding, building materials manufacturing and distribution, housing and mortgage finance, industry publishing, design, construction and renovation.*

*Members of the Policy Advisory Board are valued not only for their financial support, but also for their leadership and commitment to strengthening future housing research and for their participation in guiding and providing feedback on the Center's ongoing research. (A complete list of member companies and their representatives can be found on page 8.)*

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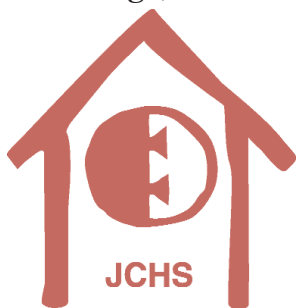
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