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Gen RE

## Can Deportations Lower Housing Prices?

**White House cites crackdown for drop in some cities but economists disagree**

BY REBECCA PICCIOTTO

The Trump administration says its aggressive deportation push is central to its plan to lower housing costs for Americans. So far, there is little evidence that it is working.

"Want affordable housing? Help report illegal aliens in your area," the Department of Homeland Security said in a socialmedia post last week.

White House officials say that fewer immigrants means less demand for housing, which will compel landlords to cut their prices. DHS says that three million immigrants have left the country since Trump took office last year, including 675,000 forced deportations over the past year, though those numbers are difficult to verify and could be overstated.

Rents had already been declining in cities that immigration officers have targeted, including Minneapolis, Los Angeles and Houston. The White House cited deportations as the reason home listing prices are dropping in some U.S. cities like Austin, Texas, San Diego and San Jose, Calif.

Economists and housing industry analysts largely attribute price declines in those and other markets to oversupply and fewer people moving there from other states. Immigration, they say, is less correlated to housing prices.

Trump's deportations so far have mostly been felt by a few apartment owners struggling to fill their empty units, even with renter discounts.

The Department of Housing and Urban Development last month ordered public housing authorities and landlords of federally subsidized housing to verify the legal status for 200,000 of their tenants.

"Removing illegal aliens from our country will free up the housing supply for American citizens," White House spokesman Davis Ingle said.

In Florida, 67% of multifamily building owners reported that immigration enforcement had a somewhat negative impact on their ability to fill their apartments, according to a recent survey by John Burns Research and Consulting, a real estate research firm. In Texas, 21% of owners said it had a significant negative impact.

Developers, especially those in the Sunbelt, said they were offering rent discounts, mainly because of oversupply. Renters save about \$4.39 a month because of mass deportations, according to an estimate by Michael Konczal, senior director of policy and research at the Economic Security Project. He calculated that number using an economic housing study that Trump appointees often cite.

Is \$4.39 a month "really going to make or break someone who can't afford a home?" Konczal said.



In some cases, Immigration and Customs Enforcement has targeted apartment buildings that are already affordable. Aeon, an affordable-housing nonprofit in the Twin Cities, has had several instances of ICE activity in its income-restricted buildings. Some renters are now too scared to open their doors, said Laura Russ, the company's chief real-estate officer.

Lack of affordable housing has become a major point of frustration for Americans. President Trump recently touted several housing proposals, including a plan to restrict large investors from buying singlefamily homes and an attempt to lower mortgage rates by buying \$200 billion in mortgage bonds.

Most of the administration's housing ideas haven't done much to build more homes. That is in part because, as a recent HUD report stated, it takes longer to add new supply.

Trump may also be reluctant to increase supply because he has expressed an aversion to prices falling. "People that own their homes—we're gonna keep them wealthy," he said during a recent cabinet meeting. "We're going to keep those prices up. We're not gonna destroy the value of their home."

It is unclear if deportations are making housing cheaper for Americans. So far, the impact is mostly on smaller apartment owners who are losing tenants. That is primarily because the recent immigrants that the White House is targeting tend to rent in smaller, older buildings in lower-income submarkets of larger cities, said Eric Finnigan, vice president of demographics research at John Burns.

Anthony Luna, who owns a Los Angeles property management firm, said several tenants abruptly vacated starting last summer when ICE became a bigger presence in Southern California. Renter demand for the properties that he manages dropped off in neighborhoods with large Latino and immigrant populations. He said some landlords are now offering a month of free rent to attract tenants, but they are still having trouble filling their units.

"Those properties are going to sit vacant," said Luna.

Meanwhile, federally funded housing providers are navigating HUD's new order that they verify the citizenship of their tenants. Though public housing authorities already provide these records, HUD officials said that an audit found 200,000 unverified tenants living in federally funded buildings. The agency is giving housing providers 30 days to double-check their records.

Deportations have made it harder for housing developers and investors to build. Immigrants make up about one-third of the construction workforce. Without the labor to build more homes, some have started to lift prices.

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