The Daily Dish

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DOUGLAS HOLTZ-EAKIN | APRIL 20, 2016

UnitedHealth Group, the largest health insurer in the U.S., will exit the majority of Obamacare's health insurance exchanges next year. Stephen Hemsley, UnitedHealth CEO, has said the company expects to lose more than $1 billion from its exchange business in 2015 and 2016. UnitedHealth Group offers plans in 34 states, leaving only one insurer in 29 percent of the counties where it offered health plans.

According to a report from the CFPB, half of all Americans that have taken out a loan online have paid an average of $185 in bank penalties for overdraft or non-sufficient funds fees. The report also found that a third of borrowers with bank penalties faced involuntary account closures. The study looked at transactions over an 18-month period in 2011 and 2012.

Eakinomics: Affordable Housing

Bernie Sanders announced his housing policy, the main focus of which is to make housing more affordable. The main avenue for doing so is an annual $5 billion infusion into the National Affordable Housing Trust Fund (NAHTF), a 10-fold increase in the funds. The NAHTF is intended to provide funds to build, preserve, and rehabilitate housing for people with the lowest incomes. In addition, Sanders would "reinvigorate" government housing production programs and "demand more" from affordable housing builders.

In addition, Sanders would increase rental assistance, expand existing programs aimed at helping first-time homebuyers, and expand the tax deduction for middle-class families' mortgage interest (or even extend it to families who do not itemize deductions). In short, Sanders is throwing taxpayer money at both the supply and demand side of the problem.

Let's think about those. Providing greater subsidies to housing purchases or rental assistance would initially decrease the net cost of housing to those families. However, if the supply of housing does not change, it will be simply more dollars chasing the same space and rents and house prices will just get pushed up. It is hardly a recipe for affordable housing.

Subsidizing builders of affordable housing runs into issues with a key ingredient: land. If there is no vacant land, builders will have to bid up the price of land in order to buy it and build "affordable" housing— which offsets the affordability. In many urban areas, zoning restricts the use of land, the height of buildings like apartments, and the density of the housing. These land-use restrictions may leave no effective way for additional supply to easily reach the market.

Of course, there may be more land in the suburbs — but also more land use restrictions like minimum lot sizes. At the far reaches of the urban area, there is opportunity to develop, but this means the affordable housing may be a long commute from the urban jobs.

The upshot is simple: money is not the big problem in affordable housing, and neither is federal policy. Affordable housing policies should be formulated at the sub-federal level and focus on existing regulations that restrict supply. This is a lesson that should have been learned from the housing bubble, where supply restrictions were at the heart of some of the biggest local housing market bubbles.

From the Forum

Considerations For Incorporating Prescription Drug Data In Exchange Risk Model by Tara O'Neill, AAF Health Care Policy Analyst

An Explanation Of The Newly Proposed FCC Privacy Rules by Will Rinehart, AAF Director of Technology and Innovation Policy