

# Recent Topics in Housing Finance and Policy

August 15, 2018

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Office hours: by appointment (please send email)

## ***Course objectives:***

There are two major goals of this class:

1. To familiarize you with concepts and current issues in housing markets
2. To help you obtain advanced skills and develop critical thinking ability needed for your own research in this field

## ***Prerequisites:***

This course requires some prior exposure to advanced econometrics and macroeconomics. These will be necessary for you to be able to follow most of the required readings in this class.

## ***Course materials:***

- You should read the required readings for general understanding, without diving too much into the modeling details or empirics. We will go over this material in more detail in class.
- I will also distribute slides containing lecture notes via email one day before each class. Please send me an email if you are considering taking this class, so that I can add you to the mailing list.

## ***Class preparation:***

All the readings necessary for this class are described below. I advise you to read these before the class because your assessment of class participation is going to be based on how well you've understood the reading materials. At the beginning of each class, two students will be chosen randomly and asked to present the main ideas behind the required readings. Next, two more students will be asked to summarize the methodology used in the required readings.

**Term paper:**

At the end of this course, you'll be asked to write an introduction to a paper on housing. The introduction should mimic the introductions of the papers that we will go through in class. You will not be asked to provide results or figures, and will have the freedom to choose any data/method you want. You'll also be asked to hypothesize in your introduction about your potential results. Note, that the main purpose of this exercise is to allow you to practice writing high-quality introductions and start thinking about your own research.

**Attendance:**

I will not record attendance, or chastise those who arrive late. However, please note that your class grade will depend on class participation, so by skipping class (or parts of it) you miss the opportunity to score some easy points for your final grade if selected to present a paper in class.

**Grading:**

The course grade will be based on the following:

- 70% Term Paper (grading based on table below):

Criterion	unsatisfactory (10%)	satisfactory (25%)	excellent (35%)
Argument, critical thinking, research (max 35%)	little evidence of argument, critical thinking, research	the paper is descriptive but the argument lacks coherence	argument and research are fully developed and logical; paper offers an insightful analysis
Fluency, cohesion & organization (max 35%)	the writing is not fluent and poorly organized	writing is fluent, showing clear organization and an attempt to link ideas	writing is very fluent with exceptionally clear organization and links between ideas

- 30% Class Participation (judged according to the table below):

Criterion	unsatisfactory (0%)	satisfactory (10%)	excellent (15%)
Preparation (max 15%)	has not read the background material	has done some background reading	has done a considerable amount of background reading
Individual contribution (max 15%)	does not communicate with peers/tutor or appears distracted	usually active; corrects and/or adds important information	always active; able to synthesize content

The grades for the term paper and class participation will be a sum of the grades for each of the rows in the table above. For example, suppose you are a student who has always done some background reading (10%) and is always active and able to synthesize the content (15%), then you'll get a grade of 25% for class participation. And if your term paper presents an argument that lacks coherence, but your writing is clearly organized, you'll get a grade of 50% for your term paper, and finish the class with a mark of 75%. Note that grades are not curved in this class, so everyone has the chance to score 100%.

***Technology:***

Phones must be turned off and put away during classes. Feel free to use your laptops to take notes.

***Course expectations:***

- I expect you to be prepared for class. This means reading the required course materials and being able to summarize and comment on them.
- I expect you to interrupt me whenever something is unclear during the class, or whenever you have something important to add concerning the materials that we go over.
- I expect you to be well prepared if you schedule an appointment during office hours. This means having a list of questions ready for the appointment and sending it to me one day before our meeting. This shouldn't discourage you from asking for help. Instead, it will help us save time and spend it on answering your questions.

***Other policies:***

We will run a short introduction tour at the beginning of the first class. Please be prepared to tell us why you are interested in this class and a bit about your background. Also, please keep using the same seat you chose during your first class. This will help me memorize your names and your background.

## *Course schedule:*

### **Class 1: Course Overview and Introduction to Mortgage Markets**

1. Campbell “Mortgage Market Design” RoF (2013)
2. Jorda et al. “The Great Mortgaging” EP (2016)

### **Class 2: The Financial Crisis**

1. Adelino et al. “Loan Originations and Defaults in the Mortgage Crisis: The Role of the Middle Class” RFS (2016)
2. Albanesi et al. “Credit Growth and the Financial Crisis: A New Narrative” WP (2017)
3. Mian and Sufi “The Consequences of Mortgage Credit Expansion: Evidence from the US Mortgage Default Crisis” QJE (2009)

### **Class 3: Crisis Response Policies and Regulation**

1. Agarwal et al. “Policy Intervention in Debt Renegotiation: Evidence from the Home Affordable Modification Program” JPE (2017)
2. DeFusco et al. “Regulating Household Leverage” WP (2017)
3. Ganong and Noel “The Effect of Debt on Default and Consumption: Evidence from Housing Policy in the Great Recession” WP (2017)

### **Class 4: Housing and Monetary Policy**

1. Di Maggio et al. “Interest Rate Pass-Through: Mortgage Rates, Household Consumption, and Voluntary Deleveraging” AER (2017)
2. Di Maggio et al. “How Quantitative Easing Works: Evidence on the Refinancing Channel” WP (2016)
3. Garriga et al. “Mortgages and Monetary Policy” RFS (2017)

### **Class 5: Housing Supply**

1. Glaeser and Gyourko “The Economic Implications of Housing Supply” JEP (2018)
2. Herkenhoff et al. “Tarnishing the Golden and Empire States: Land-use Restrictions and the U.S. Economic Slowdown” JME (2018)
3. Mills et al. “Large-Scale Buy-to-Rent Investors in the Single-Family Housing Market: The Emergence of a New Asset Class?” REE (2016)