

Foreword

Over the past two decades, remarkable changes in housing markets and housing finance have taken place in the United States and elsewhere. Some of the developments in housing have been favorable, such as rising rates of homeownership and the ability of homeowners to borrow against their home equity. But other changes have heightened concerns for policymakers. For example, in many countries, home prices have increased at very rapid rates in recent years. More recently, surging default and foreclosure rates in the subprime mortgage markets in the United States have shaken the confidence of investors and financial markets both here and abroad.

To better understand these developments, the Federal Reserve Bank of Kansas City sponsored a symposium on “Housing, Housing Finance, and Monetary Policy,” held in Jackson Hole, Wyo., Aug. 30-Sept. 1, 2007. The symposium brought together a distinguished group of central bankers, academic economists, and financial market participants to explore these important issues.

These proceedings provide presentations and discussions that shed light on the historical evolution and recent developments in housing markets and housing finance, as well as their implications for financial and macroeconomic stability and for monetary policy.

The luncheon (keynote) address to the symposium was written by Edward M. (Ned) Gramlich, a senior fellow at the Urban Institute and a former governor of the Federal Reserve System. Ned was unable to attend the symposium, and his paper was presented by David W. Wilcox, deputy director, Division of Research and Statistics, Board of Governors of the Federal Reserve System. Ned passed away on September 5, 2007. His paper and David Wilcox's tribute are included in these proceedings.

Ned was a long-time friend and colleague, and we admired his thoughtful comments and insightful research.

We dedicate these proceedings to his memory.

A handwritten signature in black ink that reads "Thomas M. Hoenig". The signature is written in a cursive style with a long horizontal line extending to the left of the first name.

Thomas M. Hoenig
President and Chief Executive Officer
Federal Reserve Bank of Kansas City