Deconstructing the National Housing Dilemma

NCSL Legislative Summit | August 14, 2023 | Indianapolis
• Low- and moderate-income Americans are facing a lack of safe, stable and affordable housing.

• States are grappling with how to address this complex issue.

• In 2023, NCSL has observed an 89% increase in introduced legislation.
• NCSL Housing and Homelessness Legislative Database
• Middle Housing: Filling a Gap in Available Housing Options
• States Offer Consumer Protections to Buyers Who Opt for Alternative Home Financing
• Podcast: Unpacking the Housing Crisis

NCSL Housing Resources
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Session Survey

Survey: Deconstructing the National Housing Dilemma

https://forms.office.com/r/kQ9qCeHWLg
Deconstructing the National Housing Dilemma

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Raise your hand if you…

Have seen a greater focus on housing issues at the state level compared with a few years ago.
Survey check-in

- On a scale from 1 to 10, with 10 being the highest, how high a priority is housing for you?
- Are you on a committee with jurisdiction over housing policy or funding?
Outline

- Framing (why, what, drivers of rising housing costs)
- Increase Housing Supply
- Expand Availability of Workforce Housing
- Increase Homeownership
- Develop a Comprehensive and Strategic Approach
Why housing matters

- **Strong Economy and Economic Mobility**
  - A strong economy requires workers; workers need homes they can afford.

- **Health and Education**
  - Lower-income households who live in unaffordable housing often lack funds for nutritious food and health expenses.
  - Homelessness greatly complicates access to health care. Poor-quality housing can contribute to asthma and injuries.
  - Stable affordable housing can improve child development & education outcomes.

- **Quality of Life and Environment**
  - Lack of affordable housing near jobs → traffic congestion, high transportation costs and greenhouse gas emissions.
What is your top reason for caring about housing?

- Sustain economic growth
- Support stable, healthier families
- Address climate change
- Improve quality of life
- Other: ________________________________
A diverse housing stock

- A well-functioning housing market includes
  - housing that rents or sells at a wide range of price points, particularly in locations close to jobs and public transit.
  - a range of different housing types
- Everyone needs housing they can afford
Multiple Housing Policy Objectives

- Increase the overall supply of housing
- Expand availability of workforce housing
- Increase homeownership
- Prevent and reduce homelessness
- Increase residential stability for renters and homeowners
- Improve housing quality
- Improve energy-efficiency of housing
Raise your hand if you…

Have found it challenging to develop effective policy responses to address your state’s housing objectives.
Conditions fueling higher housing costs

- **Demand** (varies by housing market)
  - Job growth
  - Economic development
  - Earnings growth
  - Neighborhood revitalization

- **Supply**
  - Insufficient new construction
  - Federal housing subsidies not keeping pace with population growth
Increase Housing Supply
Survey check-in

▪ On a scale from 1 to 10, with 10 being the highest, how high a priority is increasing the supply of housing?

▪ How well do you understand the barriers to housing supply in your state? (Be honest :)
  – Not very well
  – Moderately well
  – Very well
Barriers to increased housing supply

- Restrictive zoning / regulation
- High land prices, development costs & interest rates
- Long development timelines, permitting delays
- Limited infrastructure
- Limited developer capacity
- Shortages of construction workers
- Limited economies of scale, particularly for single-family housing
What can states do?

- Study main impediments to an increased housing supply
- Zoning reform (multifamily, missing-middle, accessory dwelling units)
- Local planning requirements
- Targeted infrastructure investments
- Developer incentives
- Creative public-private partnerships – for example, pre-buys of large volumes of modular housing to lock in discounts
Expand availability of workforce housing
Survey check-in

- On a scale from 1 to 10, with 10 being the highest, how high a priority is workforce housing?

- How well do you understand the barriers to ensuring an adequate supply of housing for working families in your state? (Be honest :-)
  - Not very well
  - Moderately well
  - Very well
Barriers to affordable workforce housing

- Insufficient production of new housing
  - Insufficient multifamily housing
  - Insufficient entry-level homes
- Insufficient construction near jobs and/or transit
- High land prices
- High construction costs
- Insufficient incomes
What can states do?

- Study main impediments to affordable workforce housing.
- Increase overall housing supply, particularly:
  - At-scale production of entry-level homes.
  - Multifamily rental.
- Builder’s remedy / fair share policies.
- Provide funding for development of workforce housing. Consider targeting 60-120% Area Median Income (AMI).
- Provide incentives for development/acquisition/rehab of workforce housing, particularly near jobs and/or transit.
Increase homeownership
Polls

- On a scale from 1 to 10, with 10 being the highest, how high a priority is increasing homeownership?

- How well do you personally understand the barriers to homeownership in your state? (Be honest :-)
  - Not very well
  - Moderately well
  - Very well
Barriers to homeownership

- Insufficient savings for a downpayment
- High debt levels
- Low credit scores
- High home purchase prices (related to insufficient production, high land prices, high construction costs, etc.)
- Limited inventory of homes for sale
- Limited entry-level homes being built
- Limited incomes
What can states do?

- Assess main barriers to homeownership and model effects of different program options.
- Increase funding for downpayment assistance.
- Increase funding for credit / financial coaching.
- Increase overall housing supply, particularly at-scale production of entry-level homes.
- Provide funding for development of workforce housing for sale. Consider targeting 60-120% AMI.
- Shared equity homeownership (e.g., community land trusts).
Develop a comprehensive and strategic approach
Survey check-in

- In your state, how many government agencies or departments have responsibility for housing issues at the state level? (It’s OK to say you do not know).

- Does your state have a comprehensive housing strategy that encompasses the activities of all the state-level agencies working on housing issues?
Survey check-in

- Rank your state’s **overall housing policy** on a scale from 1 to 10, where:
  - 1 = a piecemeal collection of laws and regulations passed at different times and
  - 10 = a comprehensive, coordinated, strategic approach
Challenges of a piecemeal approach

- Many states do not have a statewide housing strategy.
- Many state agencies work on housing issues, and they do not always coordinate.
- Local government is often fragmented and lacks capacity.
- Political will is hard to muster until we reach a crisis.
- Many states / cities wait too long to act; problem is much easier to solve before housing costs get out of control.
What can states do?

- Fund the development of a comprehensive state housing strategy.
  - Preserve and expand dedicated affordable housing.
  - Increase the overall supply of housing.
  - Help families access private-market housing.
  - Improve housing quality and stability.

- Provide funding and technical assistance to local governments to help them develop local comprehensive housing strategies.
Comprehensive housing strategy

- Includes tools at disposal of all the relevant agencies
- Multifaceted: subsidy, zoning, tax, loans, planning, permitting
- Centralized leadership to facilitate collaboration & execution
- Broad stakeholder engagement
- Interagency collaboration
- Broad vision at state (or city) level, with tailoring to individual cities/regions (neighborhoods)
Balanced approach

- Policies in all four major policy categories
- Homeownership vs. rental; Preservation vs new construction
- Affordable housing in resource-rich areas and stronger systems and services in struggling neighborhoods

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<tr>
<th>I. CREATE AND PRESERVE DEDICATED AFFORDABLE HOUSING UNITS</th>
<th>II. ALIGN HOUSING SUPPLY WITH MARKET AND NEIGHBORHOOD HOUSING CONDITIONS</th>
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<td>III. HELP HOUSEHOLDS ACCESS AND AFFORD PRIVATE-MARKET HOMES</td>
<td>IV. PROTECT AGAINST DISPLACEMENT AND POOR HOUSING CONDITIONS</td>
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Complementary Policies
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  Online guide to local housing policy, developed through the National Community of Practice on Local Housing Policy, a joint project of the NYU Furman Center and Abt Associates
NCSL Base Camp 2023

Nov. 8-9, 2023
NCCL Forecast '24 - Austin

Dec. 4-6, 2023