Beginning to Tackle the Cost of Housing

There is widespread agreement that [STATE] is facing a housing affordability crisis. There are differing opinions, however, on how to begin to tackle the problem.

[This paragraph should detail specific city and state statistics, such as population growth, median home prices, rental occupancy rate and percentage of residents who are considered rent burdened. Contact NMHC for assistance pulling data.]

The state legislature has a real opportunity to make headway. However, while lawmakers are hyper-focused on housing, they appear to be headed in the wrong direction.

Many members of the legislature see the implementation of rent control as the centerpiece of a housing reform measure. For good reason, municipalities in the state are prohibited to enact rent control by law. Rent control is an outdated concept that will lead to higher rents in the uncontrolled market for residents. While the intent of rent control laws is to assist lower-income populations, numerous studies since have shown that rent control fails to improve the availability of affordable housing. We know with certainty that artificially depressed rents discourage private investors from constructing new rental units.

California provides an interesting case study. A 2018 ballot initiative, Proposition 10, sought to overturn state law that currently restricts the scope of rent control policies. The measure threatened to usher in new and aggressive rent control regulations. California voters wisely rejected the measure by a margin of 62% to 38%, recognizing that rent control is a false panacea that only serves to exacerbate the availability of affordable housing. They have learned from the lesson of San Francisco, which implemented rent control in 1979. That city now has the highest median rent in the country.

While rent control is universally known to be ineffective and harmful, we cannot ignore the fact that a growing number of working Americans are struggling to find housing they can afford. It is a clear strain on families that must be addressed.

Upwards of 4.6 million new apartment homes are needed throughout the country by 2030 to meet rising demand and address the cost of housing. Meeting that demand will require both revamping development practices and the will of policymakers at the federal, state and local levels to implement inventive policy ideas, provide incentives and reduce impediments.

Government regulation accounts for an average of 32.1 percent of multifamily development costs, according to a [recent study](https://www.nmhc.org/contentassets/60365effa073432a8a168619e0f30895/nmhc-nahb-cost-of-regulations.pdf). In fact, in a quarter of cases, that number reaches as high as 42.6 percent. Such significant costs driven by rules and regulations lead to higher rents and can even forestall development of affordable housing altogether. Regulations are needed, to be sure, but outdated zoning laws, unnecessary land use restrictions, arbitrary permitting requirements, inflated parking requirements and environmental site assessments are only some of the hinderances discouraging housing construction and raising the cost of properties that do get built.

At the local level, state and municipal governments can use a number of tools to meet the growing demand for rental homes. They can streamline and fast-track the entitlement and approval process; provide density bonuses and other incentives for developers to include workforce units in their properties; enable “by-right” zoning and create more fully entitled parcels; defer taxes and other fees for a set period of time; lower construction costs by contributing underutilized buildings and raw land, encourage development near transit centers and the list goes on.

Ultimately, it will be imperative for policymakers to collaborate with the private sector to develop solutions tailored to the specific housing needs of their communities. So far this year we have seen several companies, including Microsoft and Kaiser Permanente, make financial commitments to the city of Seattle and the city of Oakland respectively. The housing affordability crisis is real, and people are suffering. Let’s hope lawmakers can put aside their differences and come together to tackle the cost of housing – one of the greatest challenges facing the U.S. today.

Lawmakers in [STATE CAPITOL] have a real opportunity to tackle one of the greatest challenges facing the [STATE] today: the cost of our housing. Let’s hope they take this opportunity to adopt meaningful solutions instead of flawed policies of the past.