



The only way to resolve the nation's affordable housing crisis

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It is a relief to see policymakers finally focus in earnest on the nation's crumbling infrastructure. But it is unnerving to see so little attention given to what may be the most critical infrastructure need of all: the nation's dire shortage of affordable housing. If Congress is to take overhauling infrastructure seriously, it has to tackle the shortfall.

Economic infrastructure in the United States is largely comprised of the structures and systems needed to connect people, companies and markets. When it functions well, businesses are more productive and competitive, more people participate in the workforce and the economy is stronger.

Affordable housing is a critical piece of this. Without it, families are cut off from opportunity, leaving them underemployed and companies struggling to find the workers they need to compete. Yet there are fewer homes available for rent or sale in this country than at any time in about 30 years. According to our own analysis, supply is so far behind demand that we would have to double this year's production of new homes to catch up. Instead, we will build 100,000 fewer than we need. New housing supply has been lagging housing demand each year for more than a decade, leaving us further and further behind.

This steadily deepening shortage is driving up the cost of buying a home and renting almost everywhere. National house prices are up a stunning 13% in the past year alone. Higher home prices are putting homeownership out of reach for more families. Today, less than half of Hispanics own their home and only about two in five Blacks own theirs, a level not seen in decades.

Households that can't afford to own their home struggle with rent increases that are outpacing inflation, even though millions of them have been unable to pay their rent at all because of the pandemic. And higher rents are making it all but impossible for renters to save. The typical renter saves less than \$500 per year, leaving many with little to cover medical or other bills, much less save for their children's education or a home down payment.

What's more, the lack of affordable homes to rent or own is forcing families farther from good jobs, limiting their economic opportunity and our economic growth.

All told, we estimate that the housing supply shortage is costing the nation's economy almost \$200 billion, or about 1% of annual gross domestic product, each year. And this only reflects the loss to economic productivity, not the considerable environmental costs of the longer commutes.

As part of its infrastructure plan, the Biden administration has proposed investing more than \$300 billion to produce or preserve some 2 million affordable places to live by expanding a mostly proven mix of tax credits, grant programs, public-private partnerships and other direct spending.

While a patchwork effort, the mix of tools is necessary given the wide range of challenges that make it difficult to build in communities across the country. If the plan has a weakness, it's the relatively modest effort to ease exclusionary zoning and prohibitive development fees. Nonetheless, Biden's plan is the most significant housing policy effort in a generation, and entirely appropriate given the scale and importance of the problem.

Unfortunately, Congress has yet to focus on this part of the administration's infrastructure package. Some members of Congress have chosen to focus instead on broadband and research and development. Others choose to define the very idea of infrastructure so narrowly — strictly roads, bridges and the like — that the housing supply problem disappears altogether.

Congress' response, in other words, has been as frustrating as the administration's has been hopeful. The nation's infrastructure needs are no doubt wide-ranging, but it is difficult to argue that the nation's affordable housing shortage isn't one of its most pressing. And it is disingenuous to argue that it's not an infrastructure need at all.

The nation desperately needs to upgrade the public infrastructure that keeps our commerce flowing and the economy growing. By allowing it to crumble, we are cutting off communities all across the country — communities that can't tap into the enormous opportunity flowing by because their roads and bridges are crumbling, their broadband can't handle the load, or they have nowhere for their workers to live.

<https://www.cnn.com/2021/06/09/perspectives/affordable-housing-shortage-infrastructure/index.html>