

Penta Policy Insiders

Policymaker Perspectives:

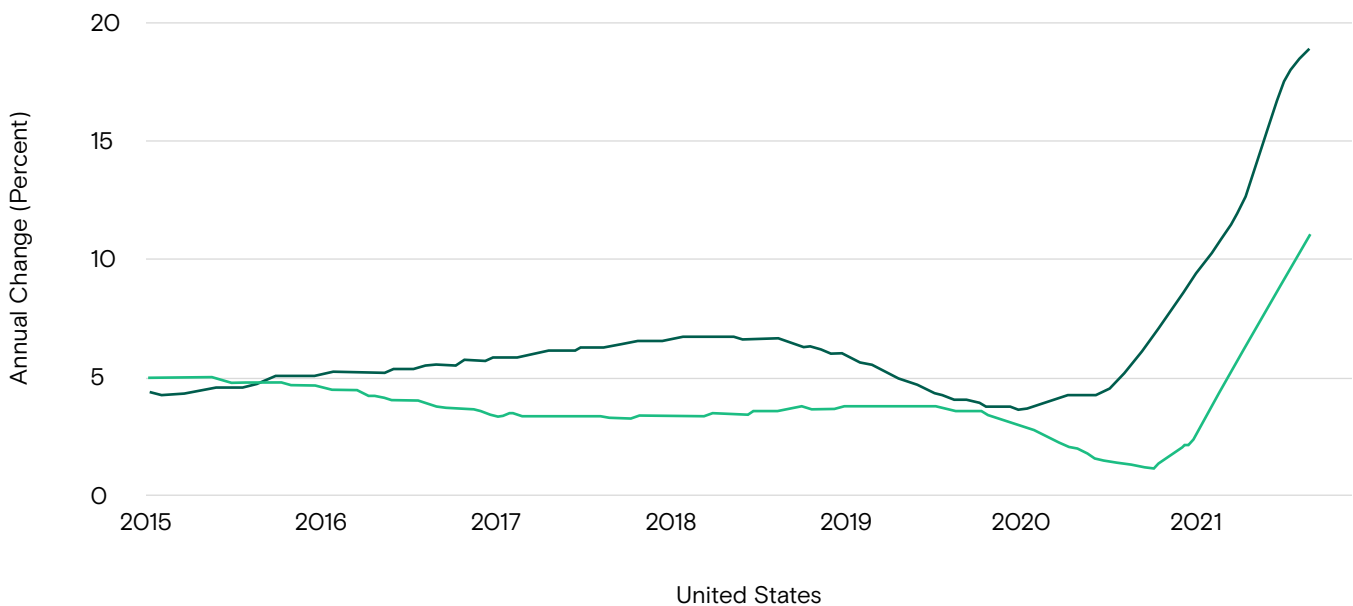
A Coast-to-Coast Housing Crisis

Overview

Across the United States, policymakers are sounding the alarm on rising housing prices. Policy leaders we interviewed throughout the country say housing affordability is a top challenge, especially for lower-middle-income workers that are being priced out of the communities they work in. While the housing market has shown signs of cooling in 2023 – with median home prices expected to decline this year – the long-term outlook remains concerning, especially for California and Florida – states that continue to anticipate continued price increases.¹

Research shows that a lack of affordable housing options costs the American economy an estimated \$2 trillion dollars in lower wages and productivity.² Without affordable housing options, families have fewer opportunities to increase earnings and strengthen their communities, further exacerbating housing as a priority for policymakers and their constituents.³

Rent prices have increased in most markets, but home prices are rising even faster



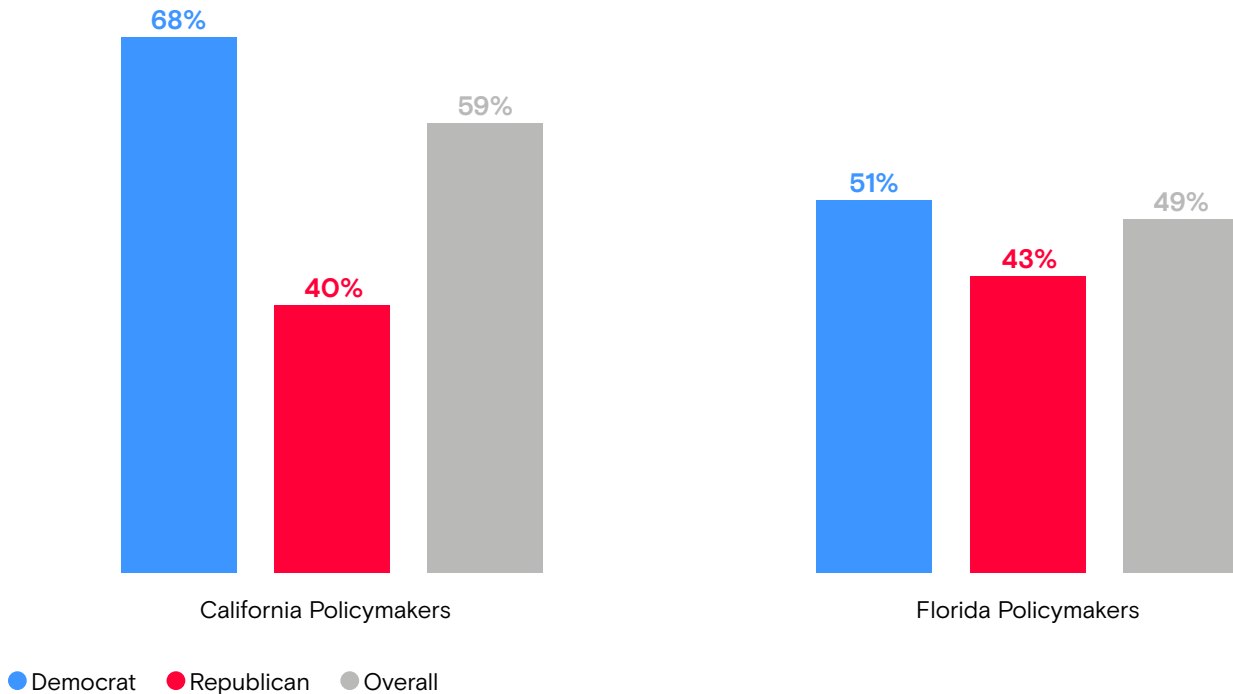
● Typical Home Value ● Typical Rent

Source: Harvard Joint Center for Housing Studies

This report identifies key policymaker concerns related to housing, with a closer look at California and Florida markets. Our conversations with policymakers at the federal level, as well as state policymakers in both Democratic and Republican strongholds, highlight that housing is a policy issue that cuts across party affiliation and geography.

The breakdown: Housing across the U.S.

We interviewed hundreds of Federal and state policymakers on their top policy priorities and the results are clear: housing is a top concern for policymakers across the country, especially for policy staff on the West and East coast. In fact, 59 percent of policymakers in California and 49 percent of policy leaders in Florida say housing is a top policy priority. Moreover, on both the federal and state level, policymakers are apprehensive about housing affordability as rent prices climb to record highs and affordable options become more out of reach for individuals and families.⁴



What policymakers are saying

Federal policymakers in DC say housing valuations are pricing buyers out of the market.



Interest rates going up are hurting people right now and the median prices of homes are going up. I don't think anybody is going to argue with that, and I think it's pricing certain people out of the market, especially first-time home buyers.

Former Chief of Staff, Executive, R



I would say one [top issue] would be housing. Obviously, the housing sector has gone through some pretty dramatic ups and downs over the last year...Are you, as lenders, ensuring that people are still able to purchase a home even in this interest rate environment?

District Director, U.S. Senate, D



The fact of the matter is if you're working in DC and not in a District office, the cost of living is expensive. And housing [is one of the biggest challenges], and just overall cost of living.

Chief of Staff, U.S. House of Representatives, R

State policymakers in California say more affordable housing options are needed.



We have a lot of our children and grandchildren who are finding it very difficult to live in the communities that they grew up in. It's very limited opportunities when it comes to housing. And it's becoming a real crisis here in California.

Board Member, California Municipality, D



One of the big concerns we have is addressing the housing shortage in California. Provide more flexible and more attainable housing for all income brackets...you have to be a millionaire in order to buy a house in California.

Capitol Director, California State Legislature, R

Florida policymakers say rent is increasing dramatically in tourist hotspots within the state, making housing unaffordable for many residents.



We are currently experiencing significant issues related to housing affordability...but, we also have had skyrocketing rents, especially in Tampa, Miami, and Orlando. People are seeing double-digit, in some cases triple-digit increases in their rent...the rental crisis. Folks need to be able to live and work in the same kind of communities. And we're not addressing that right now.

Staff Director, Florida House of Representatives, D



One of the biggest problems we have in our area is the housing market is becoming more and more out of the reach of the common person.

Supervisor, Florida Executive Branch, R

Addressing the crisis: What policymakers want to see

Policymakers across the country are uneasy about the rising cost of housing. These coastal representations of the housing crisis suggest that this is a policy issue that transcends party politics and region. Policy leaders also agree that regardless of income bracket, constituents should be able to live in the communities they work in. Policy proposals that have received at least some bipartisan support include: expanding the Low Income Housing Tax Credit (LIHTC) - the nation's largest affordable housing program⁵ and reducing regulatory barriers to building new housing within local communities.⁶



About Penta Policy Insiders

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Citations

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3. Ibid
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