

HOUSING POLICY AND THE ELECTION

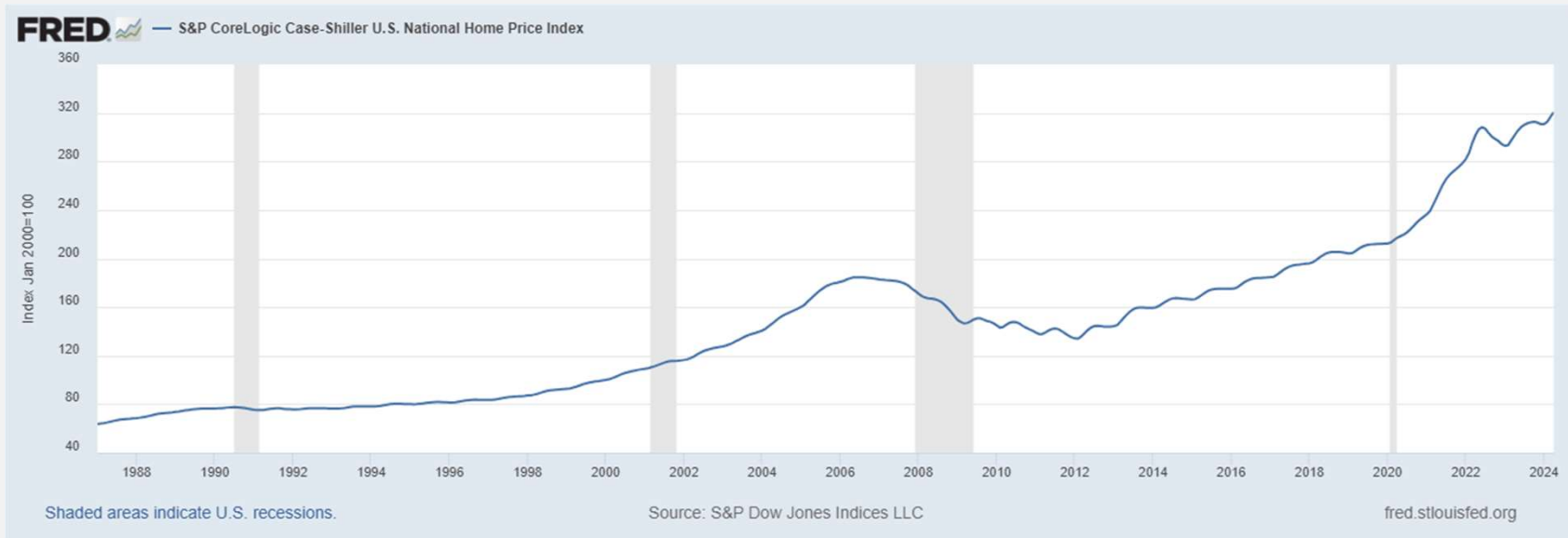
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THE HOUSING PROBLEM

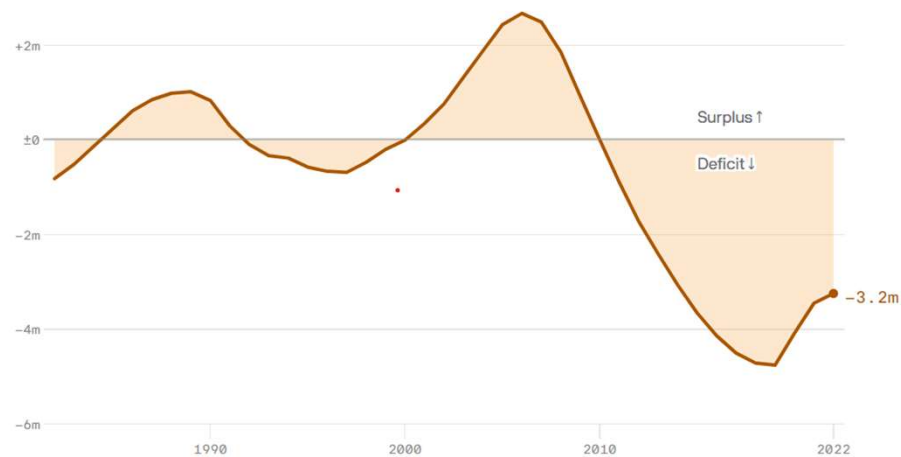
HOUSE PRICES IN THE U.S. ARE AT AN ALL TIME HIGH



...LARGELY DUE TO A SHORTAGE OF HOUSING

Existing housing units relative to population demand in the U.S.

Annually; 1982-2022

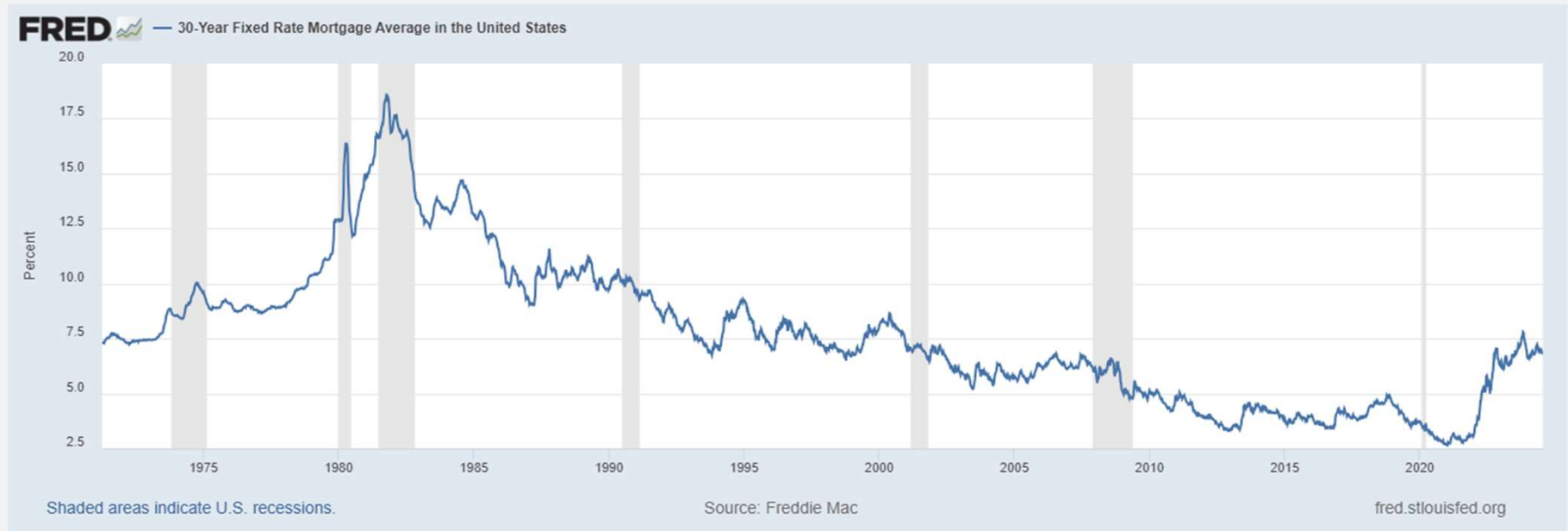


Data: Hines analysis of Census Bureau and Moody's data; Note: Population demand is a theoretical housing demand metric based on long-term household formation and homeownership rates by age cohort; Chart: Axios Visuals

- New housing starts have been low since the Great Recession
- Estimates suggest we have several million fewer homes than we need to accommodate demand

COMPOUNDING THE ISSUE: MORTGAGE RATES

- Supply chain issues + pandemic stimulus => inflation
- Federal Reserve increases interest rates => mortgage rates rise
- High mortgage rates prevent homeowners from selling to trade up => low inventory



THE RENTAL MARKET HAS NOT BEEN SPARED

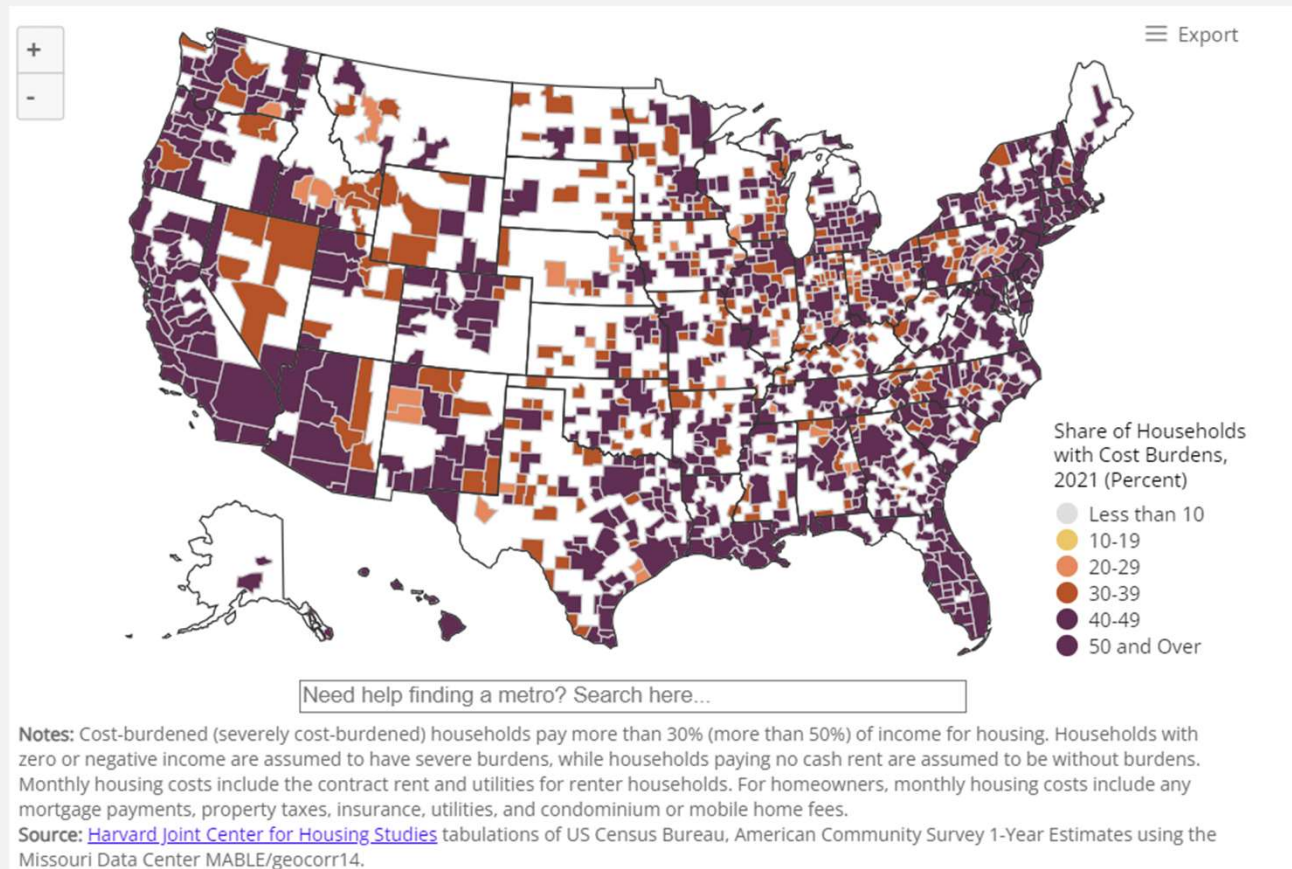
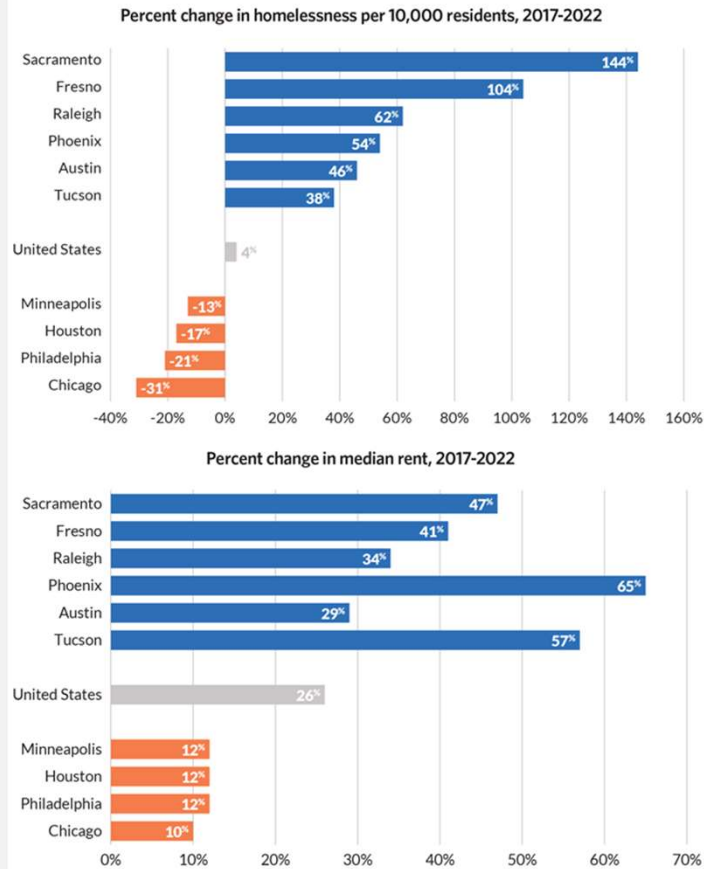


Figure 1

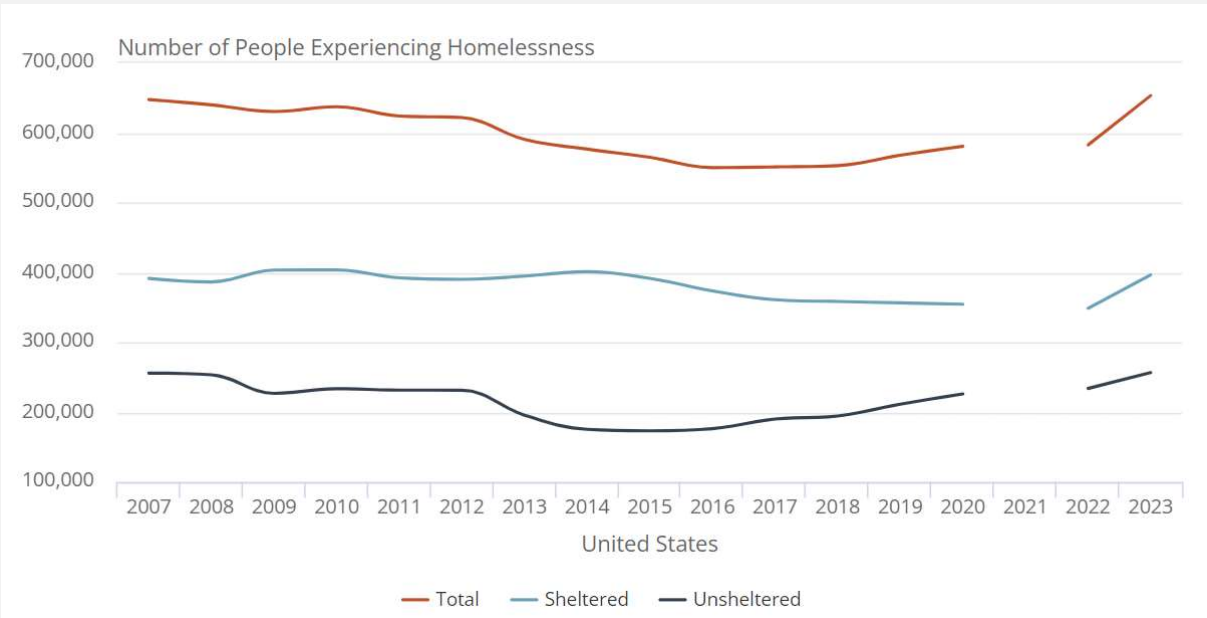
Homelessness Increased in Areas Where Rents Soared

Percentage change in median rent and homelessness per 10,000 residents, January 2017 to January 2022



Sources: Homelessness data comes from the U.S. Department of Housing and Urban Development's (HUD's) Point-in-Time estimates in 2017 and 2022. Population data comes from the 2017 and 2021 American Community Survey (ACS) one-year population estimates from the U.S. Census Bureau. Rent levels come from Apartment List's Rent Estimates data in January 2017 and January 2022, downloaded on June 15, 2023. The city names listed refer to HUD's Continuum of Care (CoC) for the city, which most often covers the county in which the city resides (for example, Wake County for Raleigh, Maricopa County for Phoenix, Hennepin County for Minneapolis) but sometimes covers multiple counties. When the CoCs cover multiple counties, rent data for the largest county in the CoC was used.

CONSEQUENCES: THE HOMELESSNESS CRISIS



CONSEQUENCES: LOST PRODUCTIVITY

- Hsieh and Moretti (2019):
 - High productivity/high wage cities like New York and San Francisco have stronger restrictions on housing supply
 - This prevents some workers from accessing high-wage job opportunities
 - They estimate that GDP growth would be 36% higher from 1964 to 2009 if building restrictions were relaxed to match median city

WHY THE HOUSING SHORTAGE?

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- Substantial demand from Millennials and Gen Z looking to enter homeownership
- Underproduction of housing
 - Homebuilders went out of business after the Great Recession
 - Labor shortages and supply chain issues after the pandemic
- Restrictive zoning – e.g. can't build multifamily homes in single family neighborhoods
- Local opposition (NIMBYism) – existing neighbors don't like construction/additional traffic/change in their areas
- Cumbersome permitting process

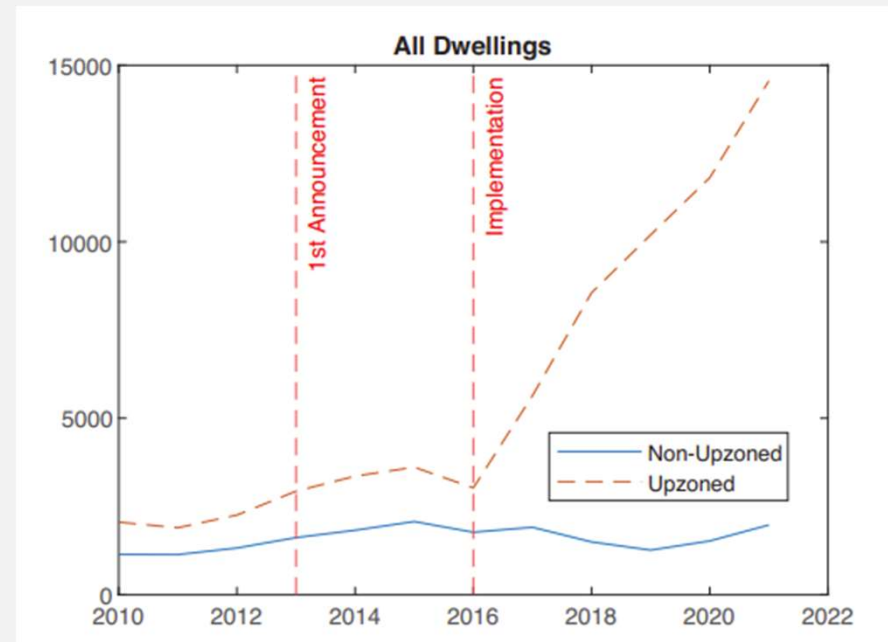
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Housing supply is relatively inelastic

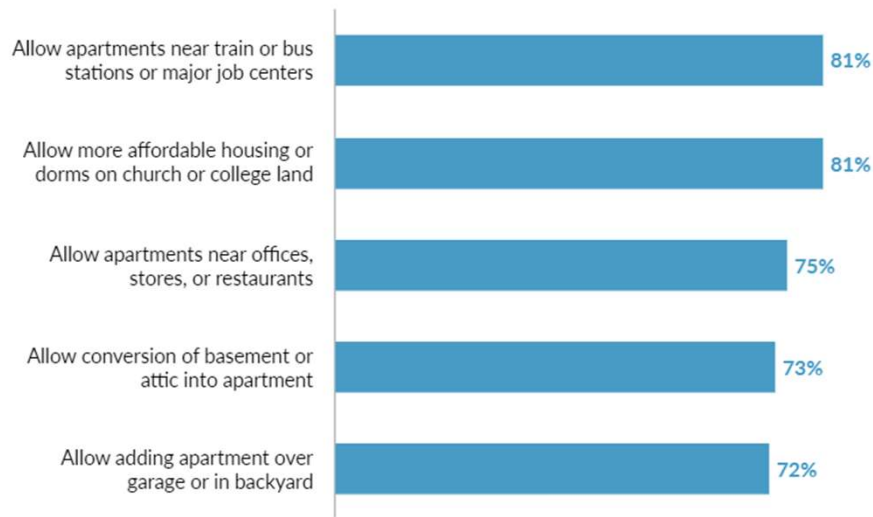
EVIDENCE ON ZONING: GREENAWAY-MCGREYVY AND PHILLIPS (2023)

- Auckland, New Zealand upzoned $\frac{3}{4}$ of its residential land in 2016
 - Tripled the number of dwellings that could be built
- Difference in differences: used geographic variation in incidence of and intensity of upzoning, looked before vs. after implementation
- Results: upzoning spurred significant new construction, especially of attached dwellings



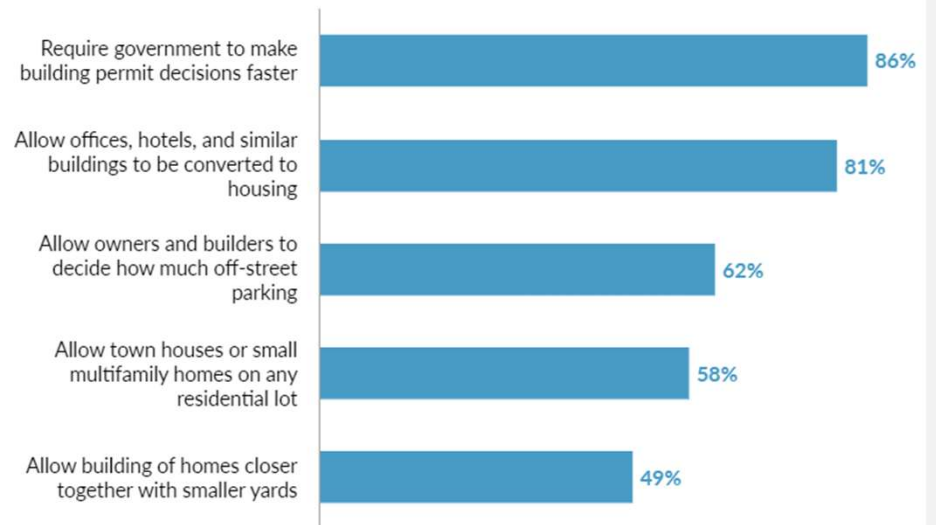
MOST PEOPLE, THEORETICALLY, WANT MORE HOUSING TO BE BUILT

Figure 1
Large Majorities Favor Policies to Allow More Apartments
At least 7 in 10 favor each policy



Notes: See accompanying document for full question wording and methodology.

Figure 2
Majorities Support Policies to Allow More Homes
Diverse policies would add housing in commercial and residential areas



Notes: See accompanying document for full question wording and methodology.

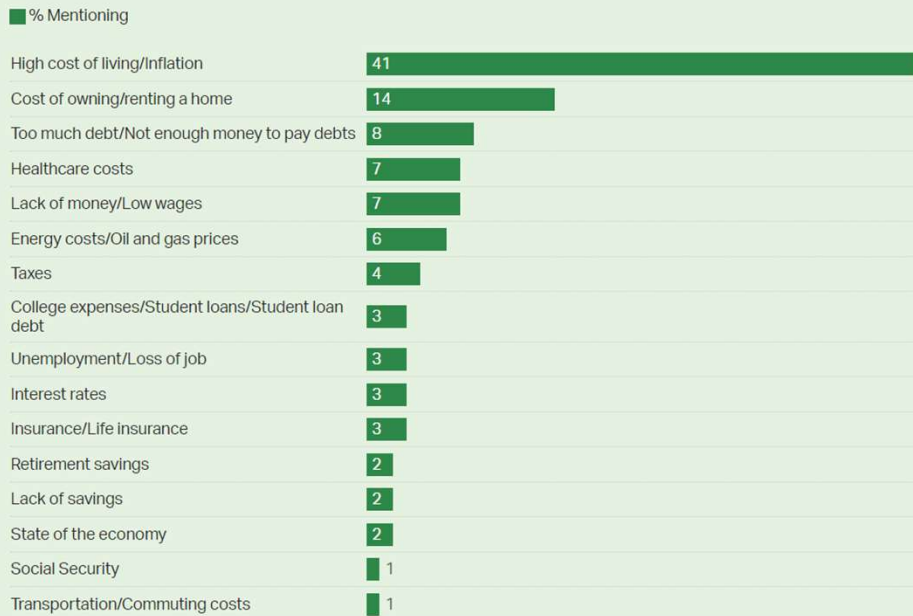
Source: Nationally representative survey done by Ipsos for The Pew Charitable Trusts, fielded among 5,051 adults Sept. 8-17, 2023

HOUSING AND THE ELECTION

HOUSING IS A MAJOR ISSUE FOR VOTERS

The Most Important Financial Problem Facing U.S. Families

What is the most important financial problem facing your family today? [OPEN-ENDED]



Thinking about the major issues facing the United States today, please tell me which of the following two is more important to you:



	All 18-29	Male	Female	White	Black	Hispanic	Dem	Rep	Ind
Inflation	64%	66%	61%	66%	66%	58%	58%	76%	63%
Healthcare	59%	57%	60%	59%	58%	60%	63%	51%	60%
Housing	56%	55%	57%	49%	68%	60%	62%	49%	56%
Gun violence	54%	50%	60%	51%	53%	62%	67%	41%	51%
Jobs	53%	55%	51%	53%	52%	54%	49%	60%	53%
Corruption	52%	56%	49%	54%	49%	51%	48%	57%	54%
Protecting democracy	52%	56%	48%	55%	46%	49%	57%	53%	48%
Women's reproductive rights	50%	42%	58%	47%	54%	52%	68%	24%	49%
Education	50%	52%	47%	54%	46%	45%	45%	54%	54%
Immigration	47%	51%	43%	50%	31%	48%	37%	71%	44%
Crime	47%	47%	47%	44%	48%	49%	42%	60%	45%
Climate change	43%	37%	47%	41%	43%	45%	55%	22%	44%
Taxes	43%	48%	40%	45%	41%	42%	39%	56%	41%
Free speech	40%	44%	37%	44%	34%	36%	30%	54%	42%
Israel/Palestine	34%	31%	36%	35%	32%	35%	37%	32%	32%
Student debt	26%	24%	27%	24%	31%	25%	29%	22%	26%

% that each issue wins against the field

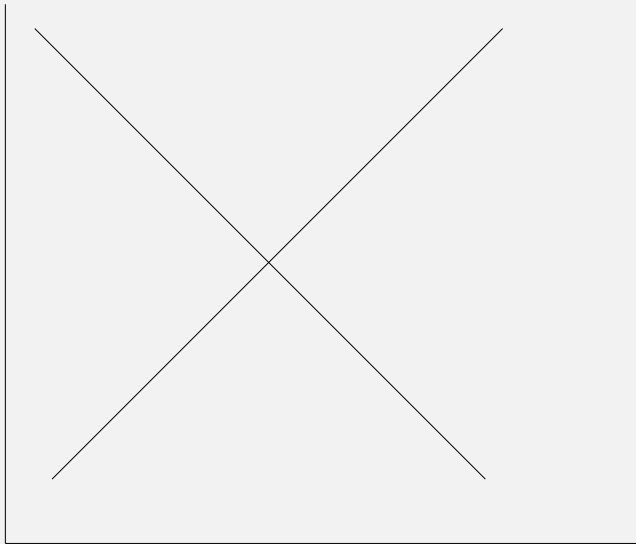
Source: Harvard IOP Youth Poll; Spring 2024 - Created with Datawrapper

Source: Gallup's Economy and Personal Finance Poll, April 2024

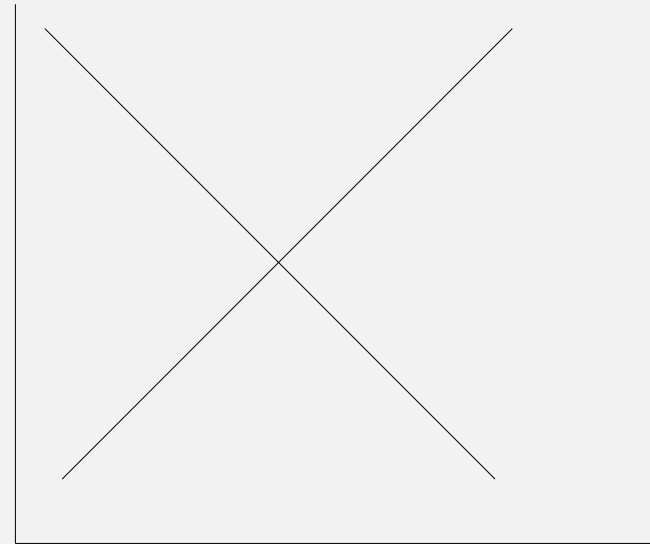
HARRIS POLICY: TAX CREDITS AND SUBSIDIES FOR BUYERS AND BUILDERS

- \$25,000 in down payment assistance, with a goal of helping 4 million first-time buyers
- Tax incentives for homebuilders for first-time buyers' home - goal to construct 3 million new houses

Down payment assistance



Incentives for homebuilders



HARRIS POLICY: TAX CREDITS AND SUBSIDIES FOR BUYERS AND BUILDERS

- Ban rental property owners from using algorithms to hike rent prices
- Get rid of tax breaks for corporate investors that buy homes

TRUMP: LEAVE SUBURBS ALONE

- <https://www.donaldjtrump.com/agenda47/agenda47-ending-bidens-war-on-the-suburbs-that-pushes-the-american-dream-further-from-reach>

1. Housing Affordability

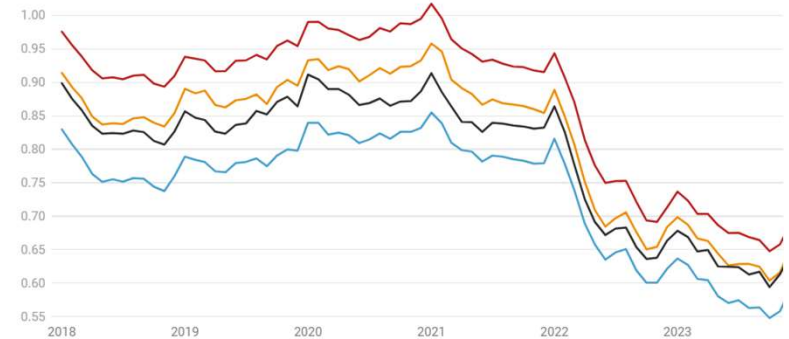
To help new home buyers, Republicans will reduce mortgage rates by slashing Inflation, open limited portions of Federal Lands to allow for new home construction, promote homeownership through Tax Incentives and support for first-time buyers, and cut unnecessary Regulations that raise housing costs.

- Bloomberg interview in July: zoning is a “killer”

IN GENERAL, RED STATES HAVE TENDED TO BUILD MORE

Home Affordability Scores by Likely 2024 Vote

State-level affordability scores from Realtor.com are seen as averages by the states' likely voting preference for president alongside the U.S. national score. A higher score indicates a more affordable housing market.

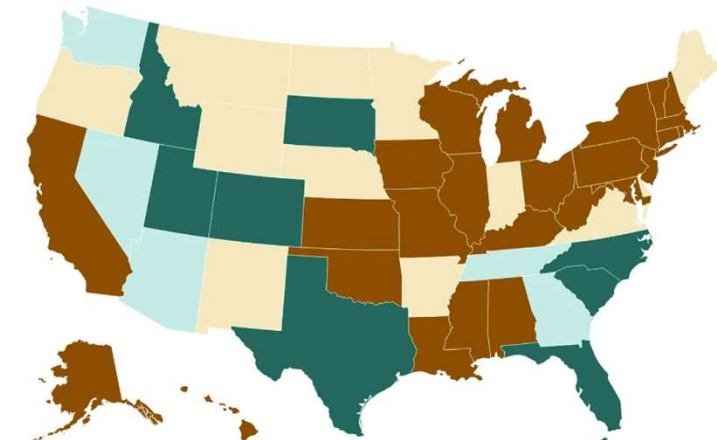


Affordability score ranges from 0 to 2, with a score of 1 or higher indicating a generally affordable market. The seven swing states are Arizona, Nevada, North Carolina, Pennsylvania, and Wisconsin.

Chart: Realtor.com • Source: Realtor.com/Cook Political Report • Get the data • Created with Datawrapper

New privately owned housing units authorized in 2022, per capita

Legend:
 < 0.0033 (Dark Brown)
 0.0033–0.0055 (Light Brown)
 0.0055–0.0078 (Light Blue)
 ≥ 0.0078 (Dark Blue)



Main data source: <https://www.census.gov/construction/bps/statemonthly.html> Census data: https://en.wikipedia.org/wiki/List_of_U.S._states_and_territories_by_population

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