

Policy Approaches for Housing Affordability and Supply

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The Pew Charitable Trusts

New Hampshire Housing and Economy Conference

October 23, 2024

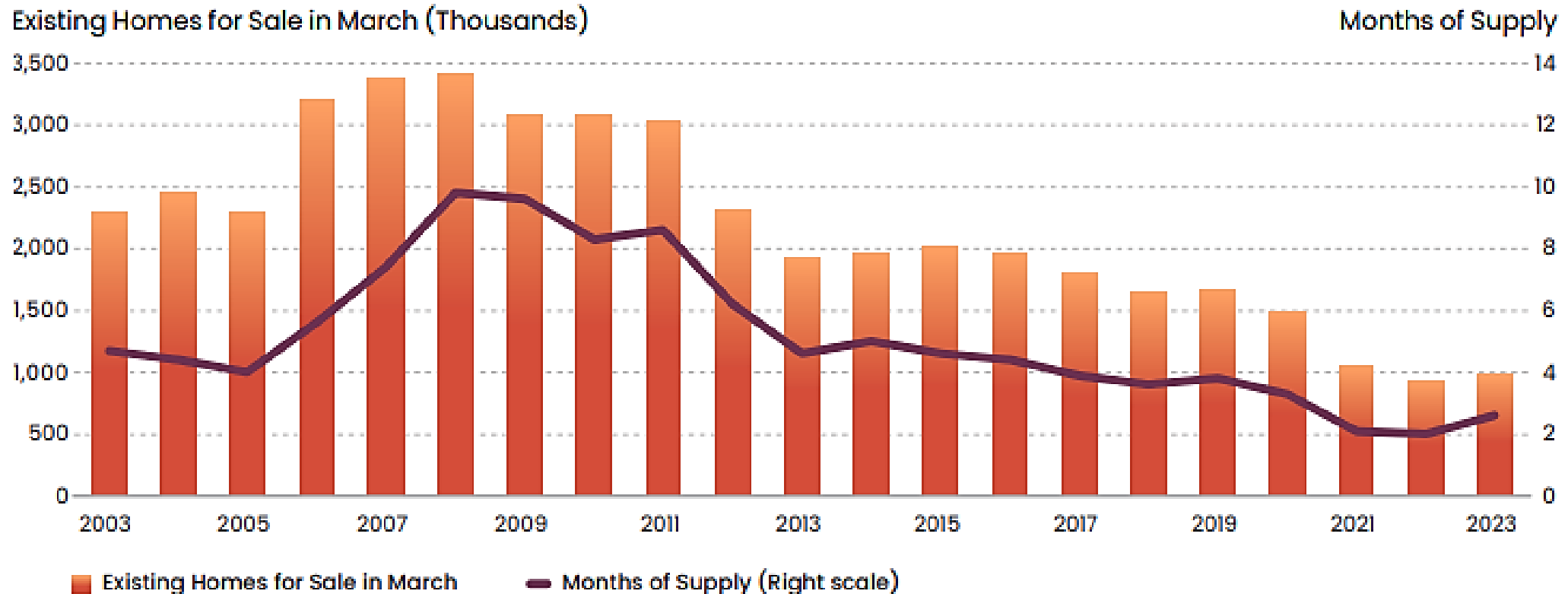
Pew

Rents Nationally Have Reached All-Time High in the Past Year

- Half of renters are spending 30% or more of their income on rent
- One-quarter of renters are spending 50% or more of their income on rent
- Both figures have doubled since 1960
- U.S. median rent: \$1,400; median home price: \$420,000 (both all-time highs in past year)
- U.S. housing shortage estimated at 4 to 7 million homes

U.S. Supply of Homes Near All-Time Low

Supply of Homes for Sale Remained Near Record Lows in Early 2023

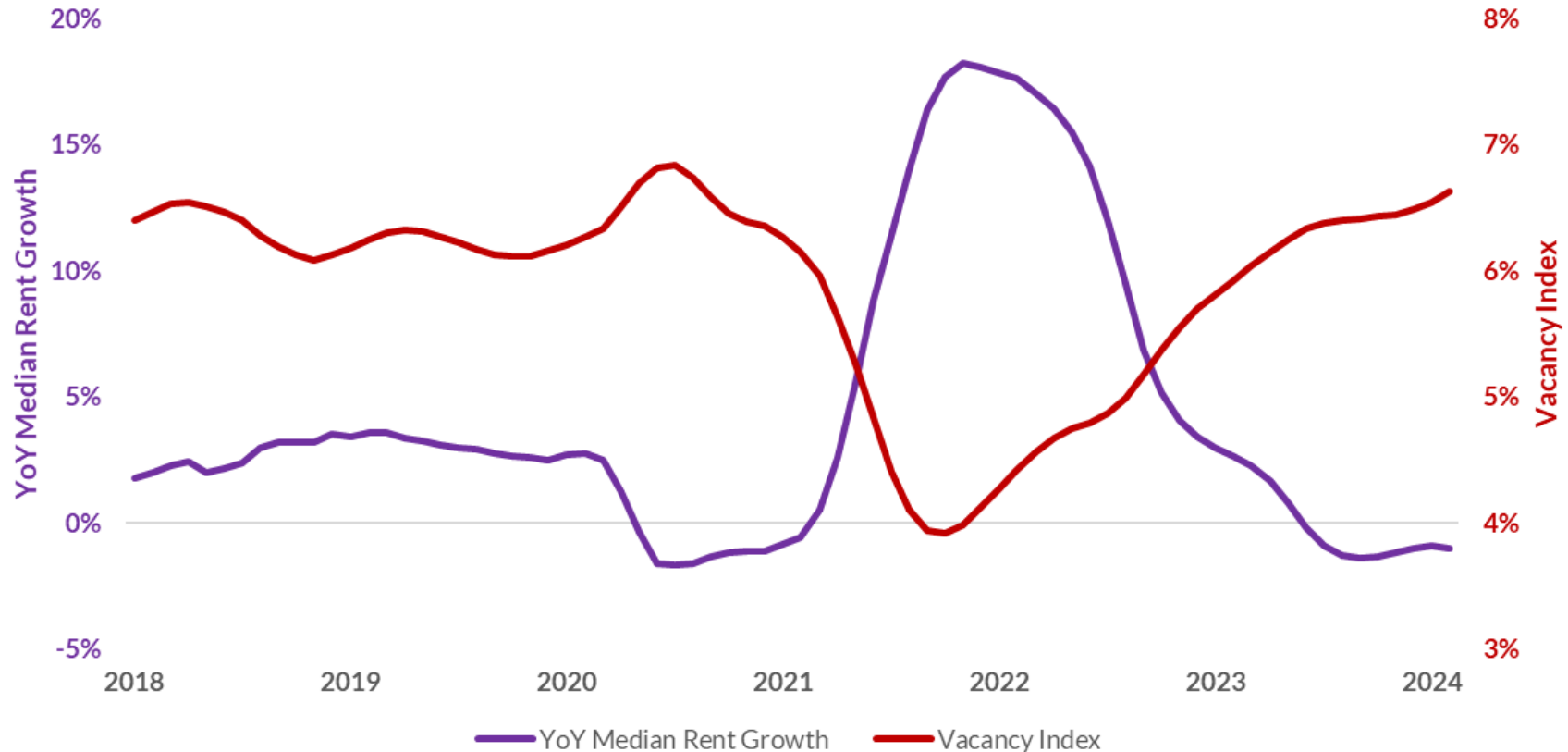


Notes: Months of supply measures how long it would take homes on the market to sell at the current rate. Six months is typically considered a balanced market.

Source: JCHS tabulations of NAR, Existing Home Sales

Rents Rise Quickly When Shortages Occur

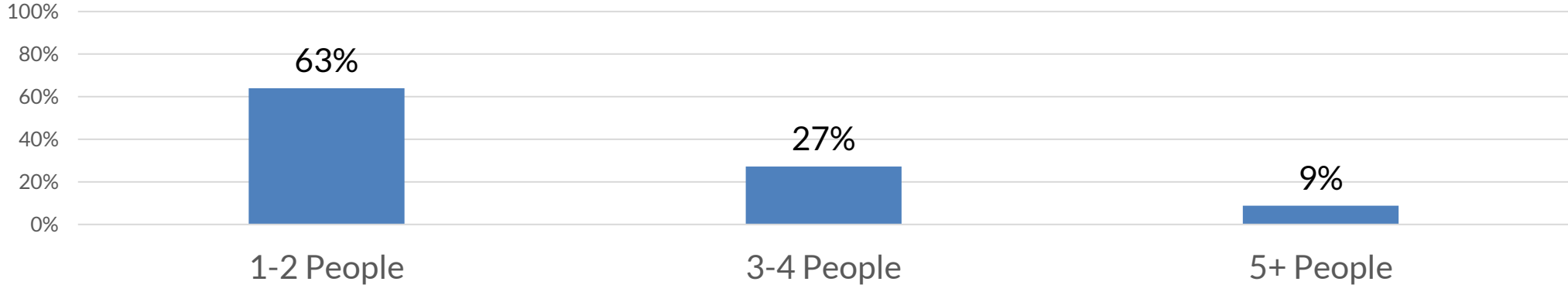
Rent Growth vs. Vacancy Rate in the United States



Source: Apartment List Rent Estimate Data

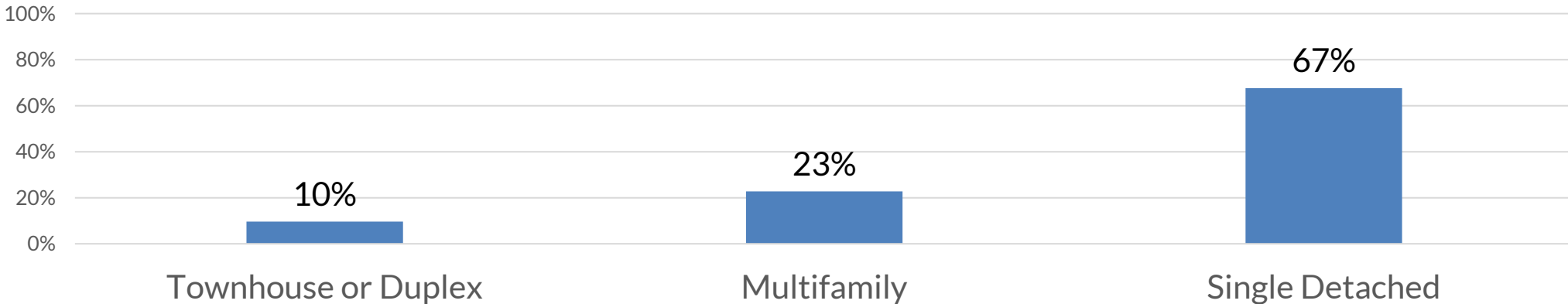
Most households have 1-2 people; large majority of homes are single-detached

Share of US Households by Household Size



Avg. U.S. household size at all-time low of 2.49 (New Hampshire: 2.46)

Share of US Homes



66% of NH households are 1-2 people

Source: ACS 2023 1-year estimates Census Bureau data

New Hampshire Aims to Address Housing Shortage

New Hampshire Bulletin

'A deep need': Lawmakers propose slew of 2024 bills to address housing shortages



Will a boatload of housing proposals in NH Legislature help fix NH's affordable housing crisis?

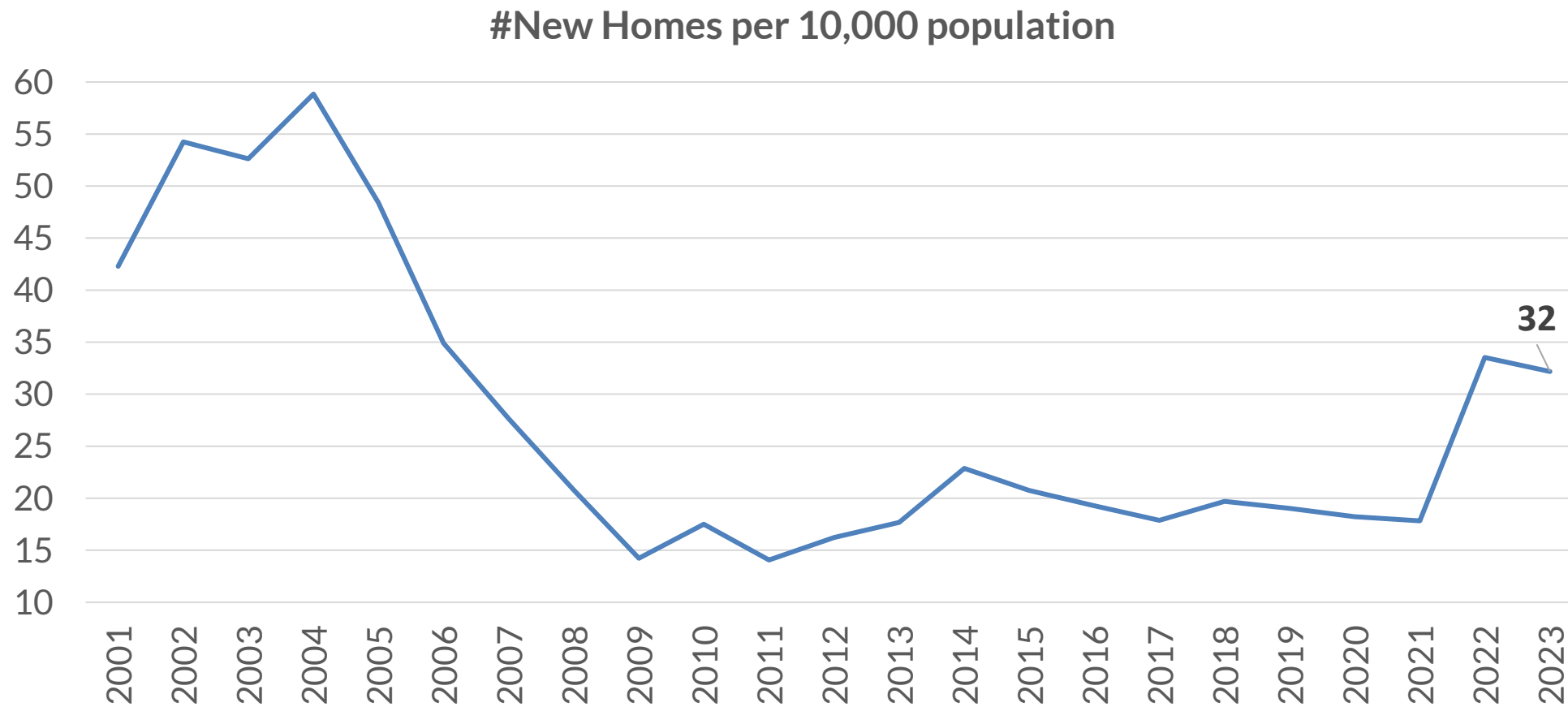
CONCORD MONITOR

Advocates hope to see the 'year of housing' in the state house



Housing advocates see momentum for change despite tight market

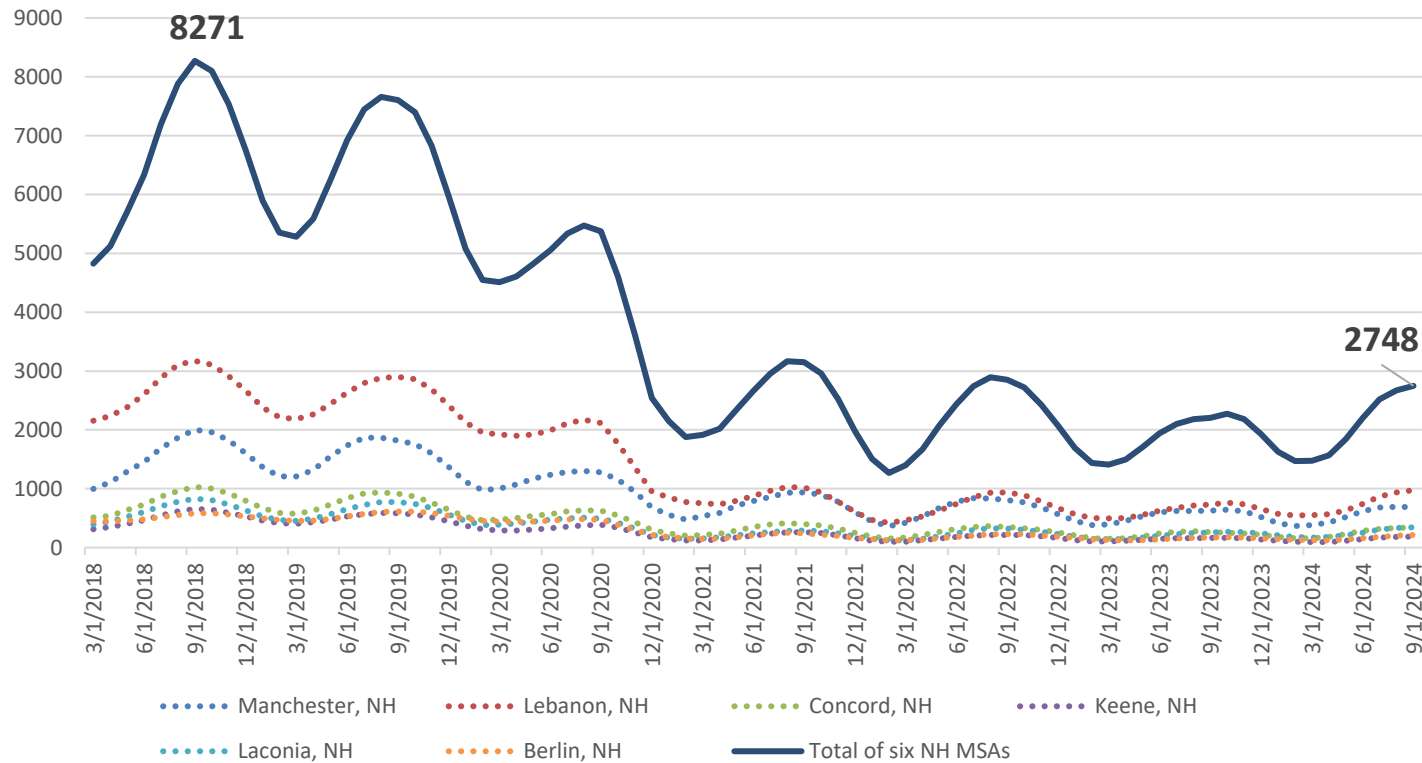
New Hampshire Home Construction Digging Out of Shortfall



Source: Pew's analysis of U.S. Department of Housing and Urban Development building permits data and Federal Reserve resident population data

New Hampshire's Stock of Available Homes Remains Very Low

Housing Inventory Has Fallen to One-Third of Its Peak Level in 2018

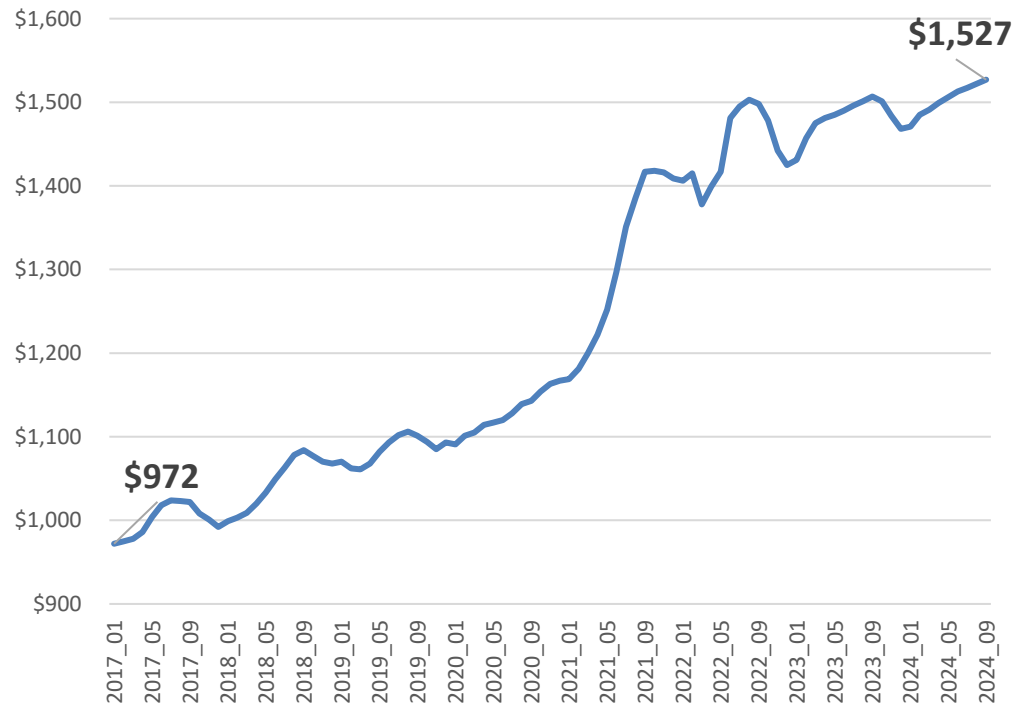


New Hampshire median home cost:
Mar. 2020: \$295k
Sep. 2024: \$480k

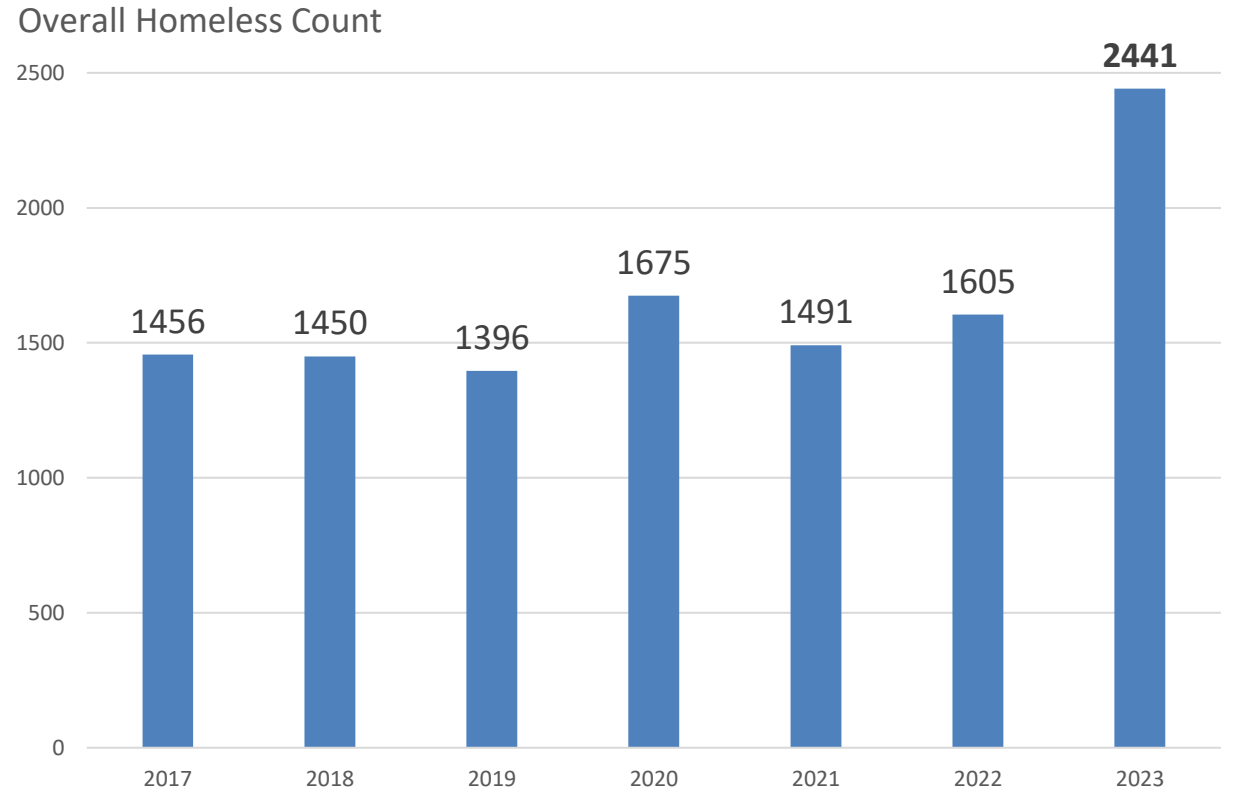
Source: Zillow Data

New Hampshire Rent Soars, Homelessness Level Jumps

Median Monthly Rent in New Hampshire Increased 57% From Jan. 2017 to Sep. 2024



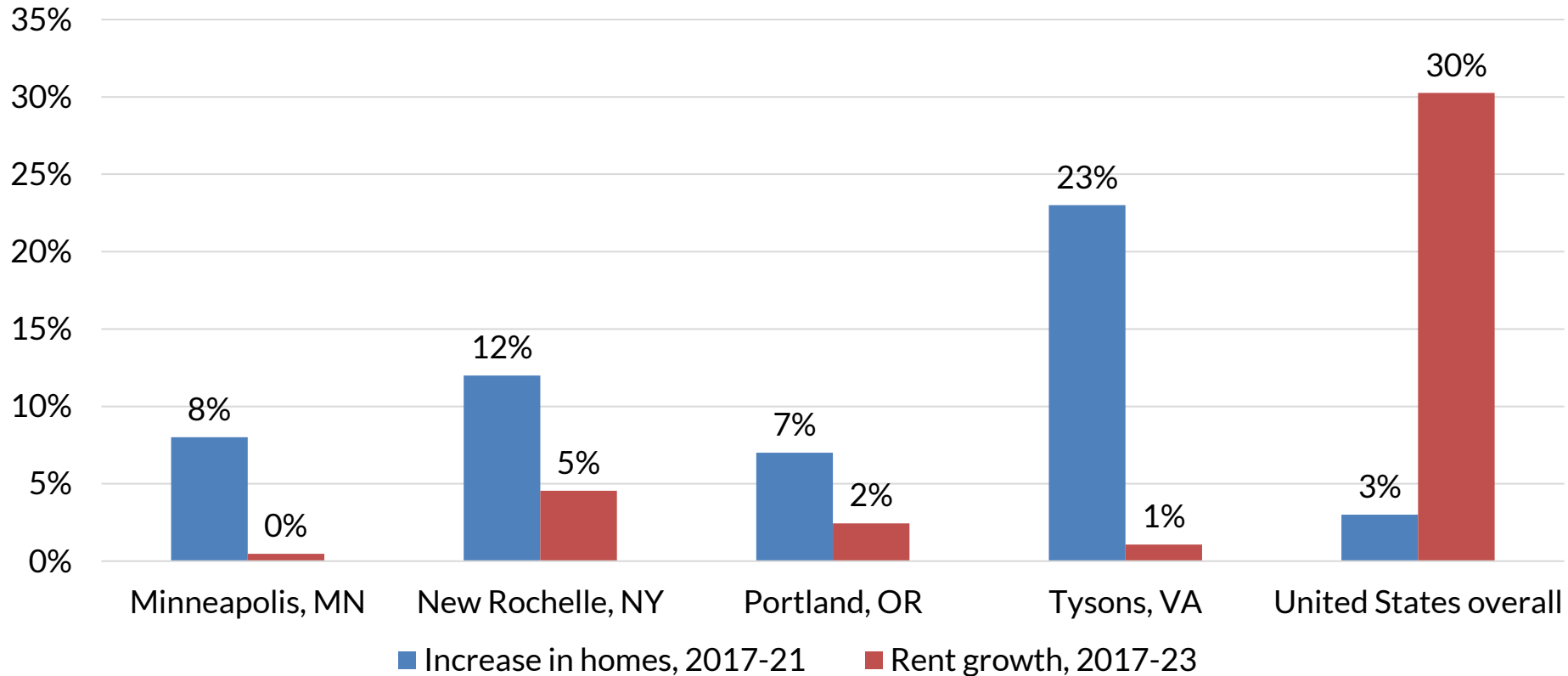
New Hampshire Level of Homelessness Rose 68% From 2017 to 2023



Sources: Apartment List Rent Estimate and HUD Point-In-Time Count data

New Data Confirms More Supply = Lower Housing Costs

Rent Growth Is Low Where Housing Has Been Added



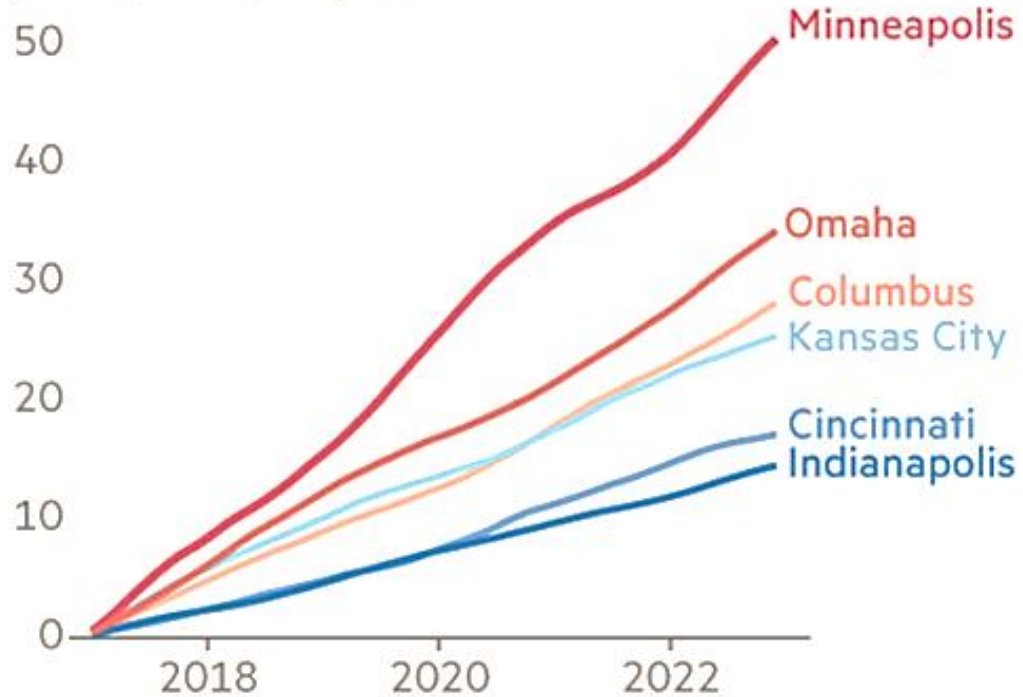
The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

Source: Pew's analysis of Apartment List rent estimate data (Jan. 2017-Jan. 2023) and U.S. Census data on housing units (2017-2021)

Minneapolis Has Built More Housing Than Other Midwestern Cities...

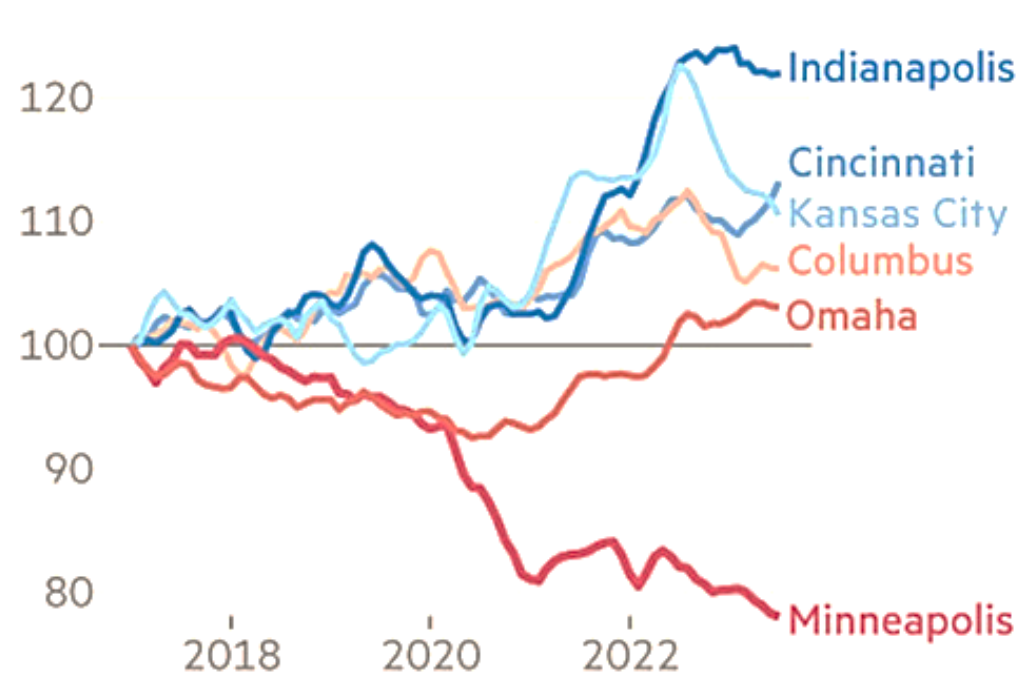
And the city is reaping the rewards as rents fall relative to inflation

Cumulative new dwelling approvals per 1,000 people



Sources: Financial Times analysis of data from State of the Cities Data Systems, Apartment List, BLS, Census Bureau

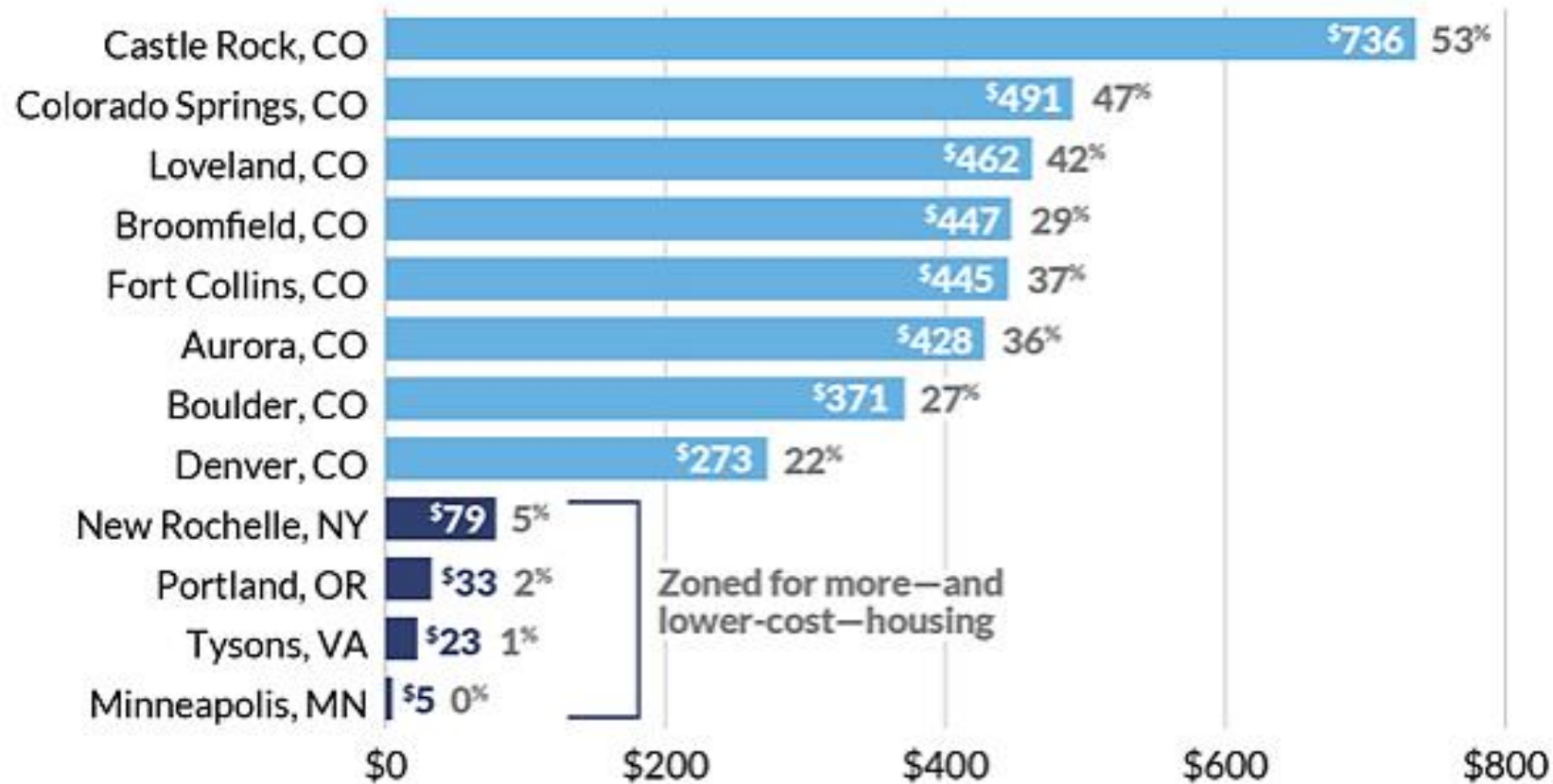
Real-terms change in median rent (Jan 2017 = 100)



*Rents deflated by average incomes

Rents Are Rising Faster in Colorado Than in Jurisdictions That Reformed Zoning

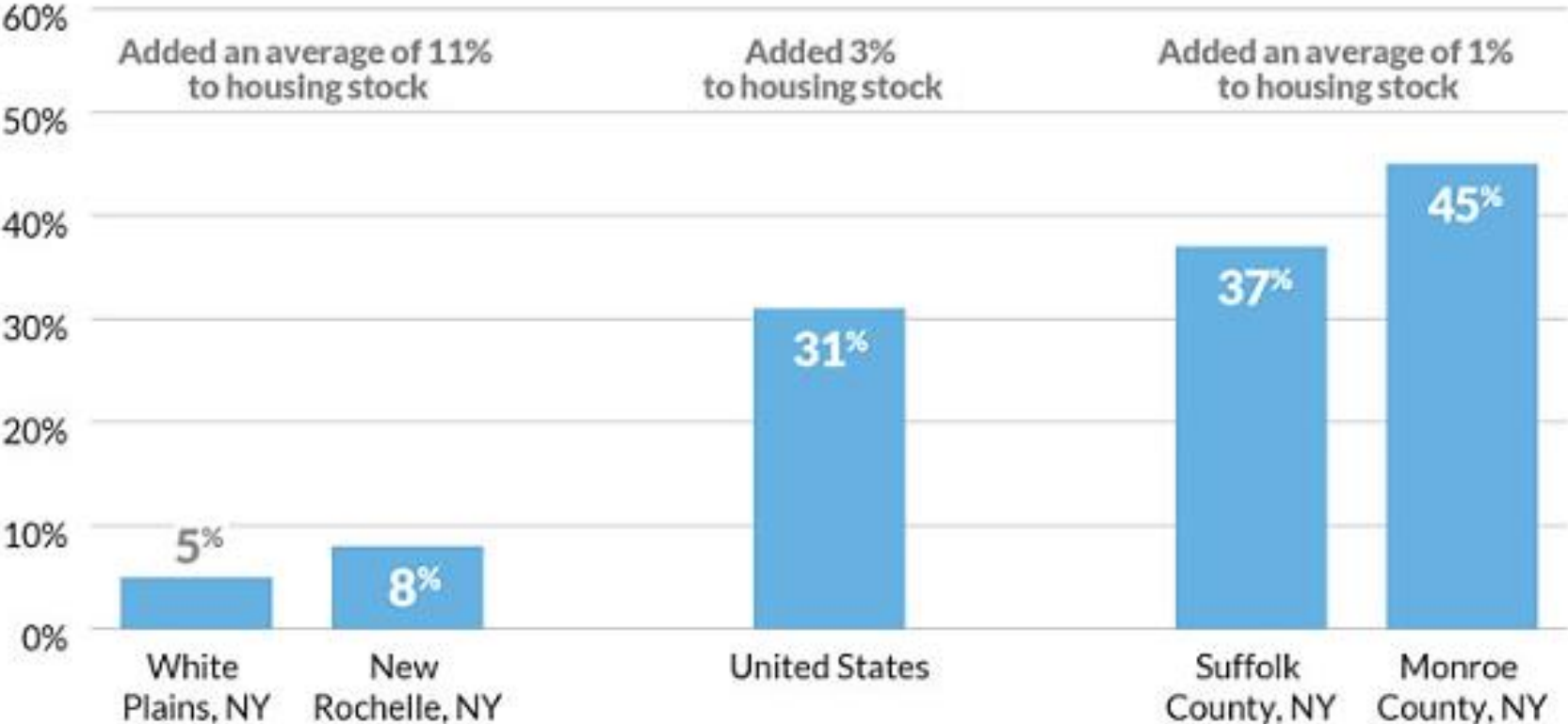
Dollar and percentage increases in median rent estimates, January 2017-January 2023



Source: Apartment List Rent Estimate data

Some New York Jurisdictions Added Housing and Kept Rent Growth Low

Growth in median rent between February 2017-February 2023



Sources: ACS Census Bureau and Apartment List Rent Estimate data

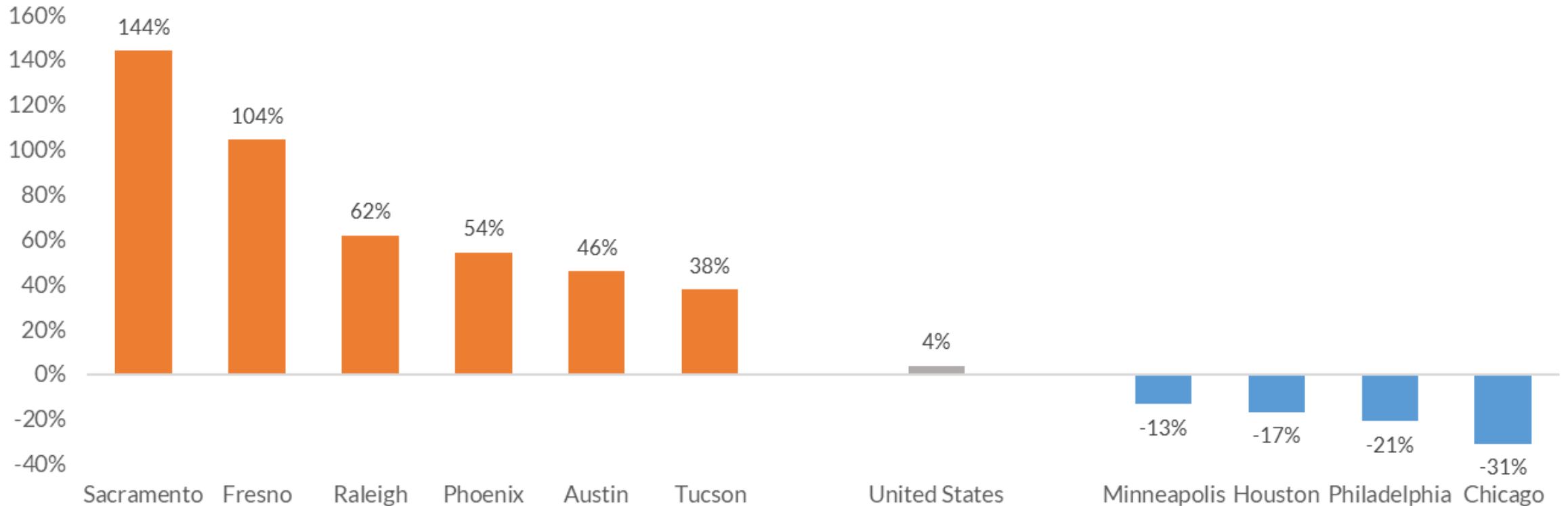
Minimum Lot Sizes Contribute to High Housing Costs

- 2021 University of Montana study found minimum lot sizes raise housing costs by forcing buyers to purchase more land than they want
- Several additional studies have confirmed this finding
- Houston reduced its minimum lot size from 5,000 sq. ft. to 1,400: 80,000 townhouses resulted
- 2,500 sq. ft. Houston townhouses affordable just above area family median income

How Housing Costs Drive Homelessness Levels

Homelessness Increased in Areas Where Rents Soared

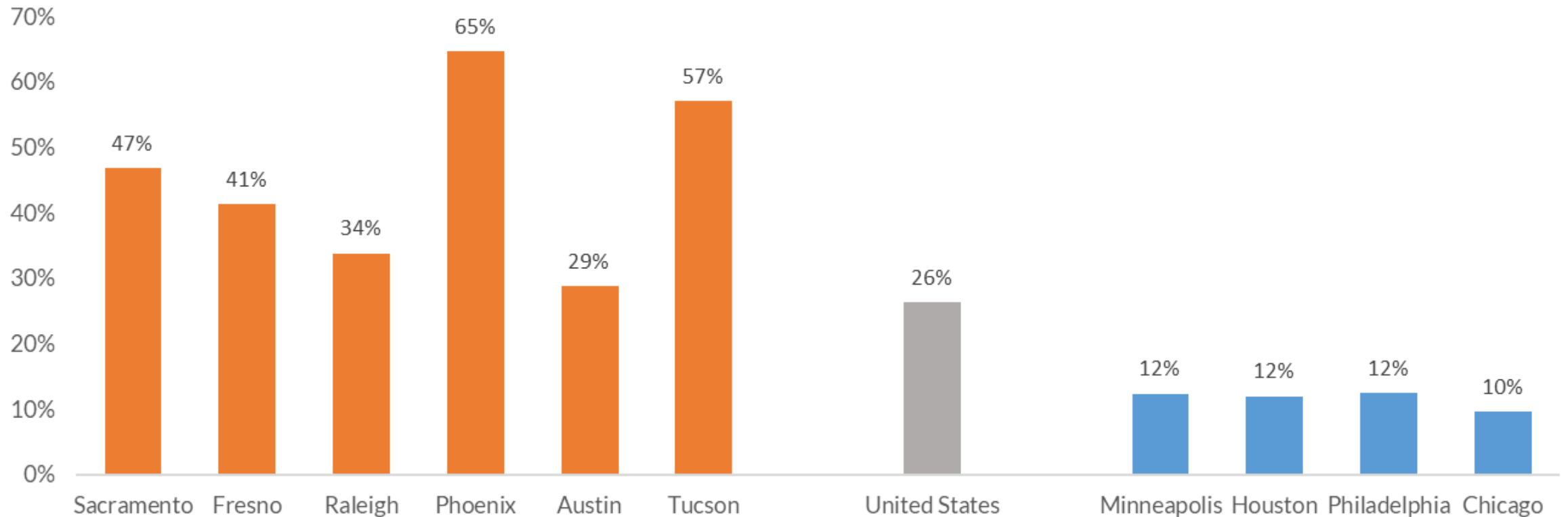
Percent change in homelessness per 10,000 residents, 2017-2022



Sources: Homelessness data come from the Department of Housing and Urban Development's Point-in-Time estimates in 2017 and 2022. Population data comes from the 2017 and 2021 American Community Survey (ACS) 1-year population estimates from the U.S. Census Bureau. Rent levels come from Apartment List's Rent Estimate data in January 2017 and January 2022, downloaded on June 15, 2023. The city names listed refer to the Continuum of Care (CoC) covering this city, which are most often the county, but sometimes cover multiple counties (Wake County for Raleigh, Maricopa County for Phoenix, Hennepin County for Minneapolis, etc.). When CoCs cover multiple counties, rent data for the largest county in the CoC was used.

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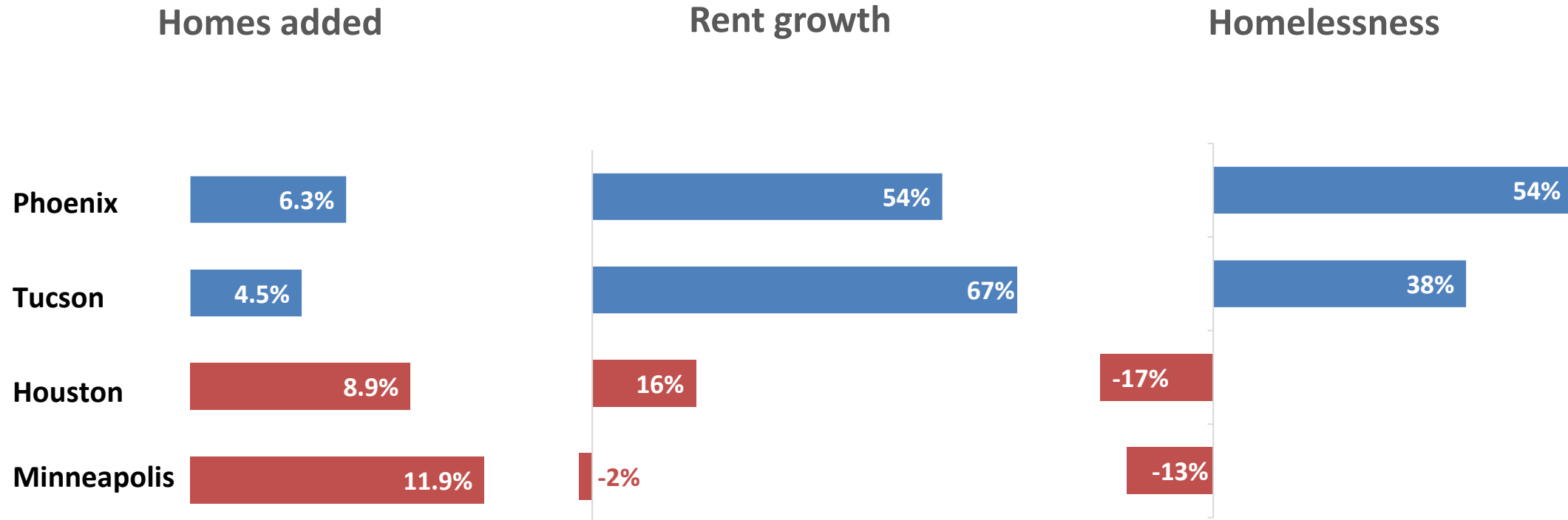
Percent change in rents, 2017-2022



Sources: Homelessness data come from the Department of Housing and Urban Development's Point-in-Time estimates in 2017 and 2022. Population data comes from the 2017 and 2021 American Community Survey (ACS) 1-year population estimates from the U.S. Census Bureau. Rent levels come from Apartment List's Rent Estimate data in January 2017 and January 2022, downloaded on June 15, 2023. The city names listed refer to the Continuum of Care (CoC) covering this city, which are most often the county, but sometimes cover multiple counties (Wake County for Raleigh, Maricopa County for Phoenix, Hennepin County for Minneapolis, etc.). When CoCs cover multiple counties, rent data for the largest county in the CoC was used.

Housing Shortages Have Pushed Up Rents, Homelessness

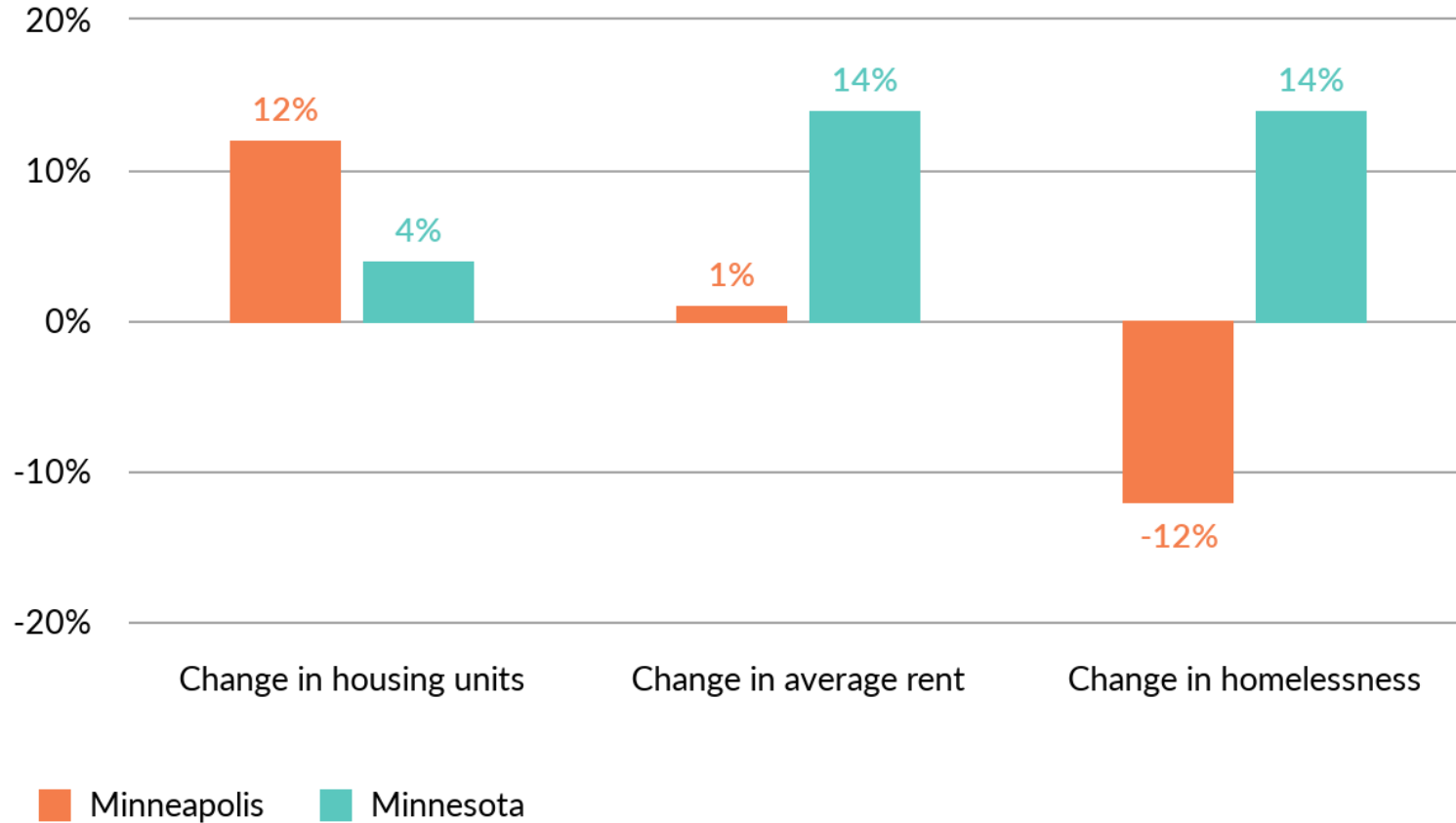
Percent change, 2017-2022 (2017-2023 for rents)



Sources: ACS Census Bureau for housing supply; Apartment List Rent Estimate data for rents; HUD Point-in-Time count data for the CoC covering the listed city for homelessness

After Zoning Reform, Minneapolis Rent Growth Slowed, Homelessness Dropped

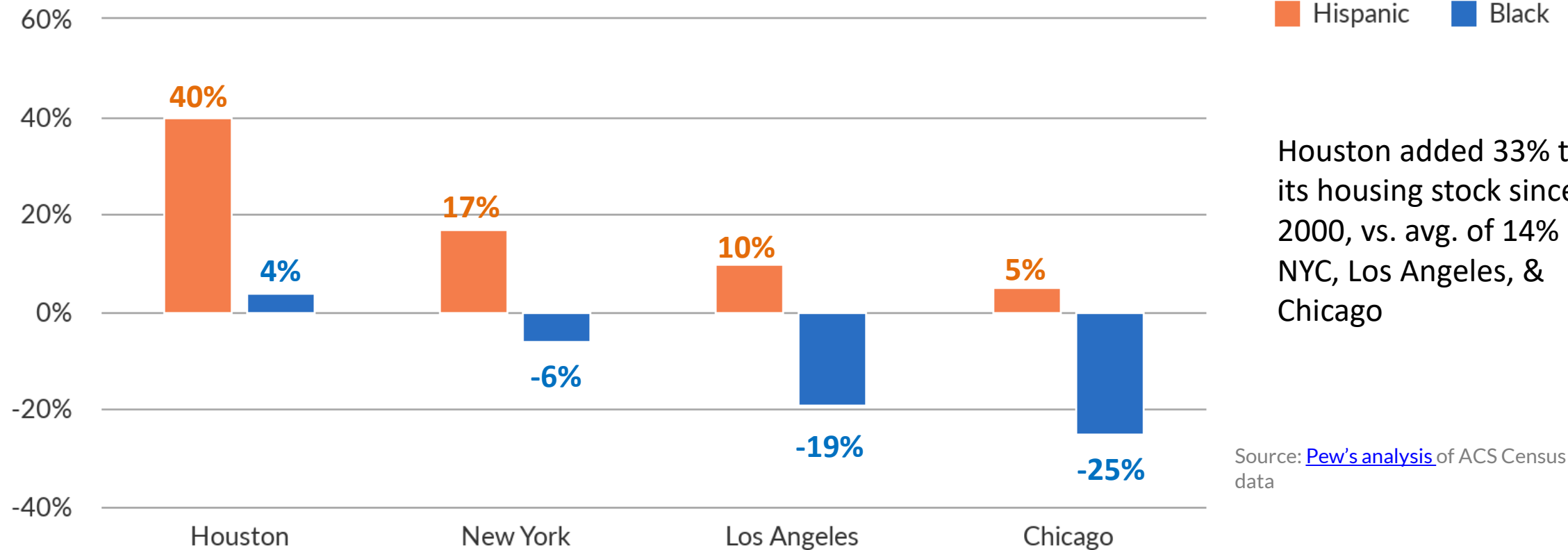
Percent change, 2017-2022



Sources: ACS Census Bureau for housing supply; Apartment List Rent Estimate data for rents; HUD Point-in-Time count data for the CoC covering the listed jurisdiction for homelessness

Houston Added Black and Hispanic Residents During a Period of Rapid Construction

Percentage change in Black and Hispanic populations by city, 2000-21



Houston added 33% to its housing stock since 2000, vs. avg. of 14% in NYC, Los Angeles, & Chicago

Source: [Pew's analysis](#) of ACS Census Bureau data

How State Policymakers Have Engaged On Housing

States Ensuring Localities Allow More Housing Types

- Enabling accessory dwelling units (ADUs)
- Legalizing small multifamily in many places
- Legalizing multifamily in commercial areas
- Streamlining permit approval processes
- Building code reforms, some allow manufactured homes

Laws to Limit Lawsuits Against Municipalities Over Allowing Housing

- Many cities and towns have faced costly lawsuits from a small number of residents over approving individual developments, updating their comprehensive plans, or zoning for more homes
- Several states have passed laws or are considering laws to remove the grounds for these lawsuits, make the suits harder to bring, or provide legal protections for municipalities that update zoning to allow more homes

Office-to-Residential Conversions

- Pew is studying the feasibility of flexible co-living housing in partnership with Gensler, a global architecture firm
- Benefits include revitalizing downtowns, repurposing vacant commercial spaces in climate-friendly ways, adding low-cost housing stock, reducing homelessness, and more.
- Office-to-dorm/co-living conversions much less expensive than office to apartment conversion. Cost per unit 2x-4x lower than either new build or office to conventional apartment.
- Centralizing plumbing reduces costs by avoiding the expensive construction of kitchens and bathrooms in each unit.

Sources: [From Workspace to Homebase](#), the San Francisco Bay Area Planning and Urban Research Association; [Flexible Co-Living](#), The 5BORO Institute

Building Code Reforms Enacted by States in 2023 & 2024

- Moving 3-4 unit buildings or 3-6 unit buildings under less-costly residential code with 1 & 2-unit homes (NC's 2023 HB488 and a study version, 2024's HB2071 in Washington)
- Instead of mandating two staircases, allowing one staircase for 4-6 story buildings (study bills) to enable them on small lots
- Legalizing micro-units/co-housing wherever multi-family housing is allowed

Manufactured Homes Can Be a Lower-Cost Housing Option

- **Federal housing standard:** Must be built to a national building code set by the U.S. Department of Housing and Urban Development (HUD) and updated periodically since 1976.
- **Opportunities to fill housing supply shortage:** Lack of new, smaller, and more affordable starter homes – MH can be [EnergyStar](#) certified
- **Lower cost due to factory efficiency:** According to research from the [Harvard Joint Center for Housing Studies](#) a single-section manufactured home can save over \$100,000 compared to a site-built home.



Source: <https://www.claytonhomes.com/homes/34FSN28483CH>

Modest Lot Sizes Can Make Low-Cost Manufactured Homes Viable

Land costs are a major driver of housing costs.

Large minimum lot sizes make manufactured housing less affordable.

Monthly payment on a 30-year mortgage for a 1,200 square foot manufactured home (\$56,956) with an 8% interest rate (excluding insurance, taxes, etc.):

Scenario #1:

- Land cost: \$50,000
- Monthly payment: \$785/month

Scenario #2:

- Land cost: \$250,000
- Monthly payment: \$2,252/month

CrossMod Manufactured Homes



Manufactured Homes - Significant Savings With A Mortgage

	Total cost of building and foundation	Interest rate	Term	Monthly payment	Total interest	Total payments
Manufactured home CrossMod	\$147,022	5.55%	30 years	\$839	\$155,159	\$302,181
Site-built with garage (1,568 square feet with garage and porch)	\$200,582	5.55%	30 years	\$1,145	\$211,684	\$412,266
MH CrossMod cost savings (using a mortgage)	\$53,561			\$306	\$56,524	\$110,084

Source: Joint Center for Housing Studies, 2023

New Approaches To Development With Manufactured Housing

- Starting to see new developments from for-profit and non-profit developers using manufactured homes on real estate lots.
 - Examples in Hagerstown, MD; Petersburg, VA; Jackson MS; and San Bernadino, CA.
- These developments often using higher-end CrossMod homes.
- If zoning allows for them manufactured homes could be used wherever single-family homes are appropriate as a lower cost and faster to build form of neighborhood infill.



[Photo: courtesy MH Advisors]

Contact

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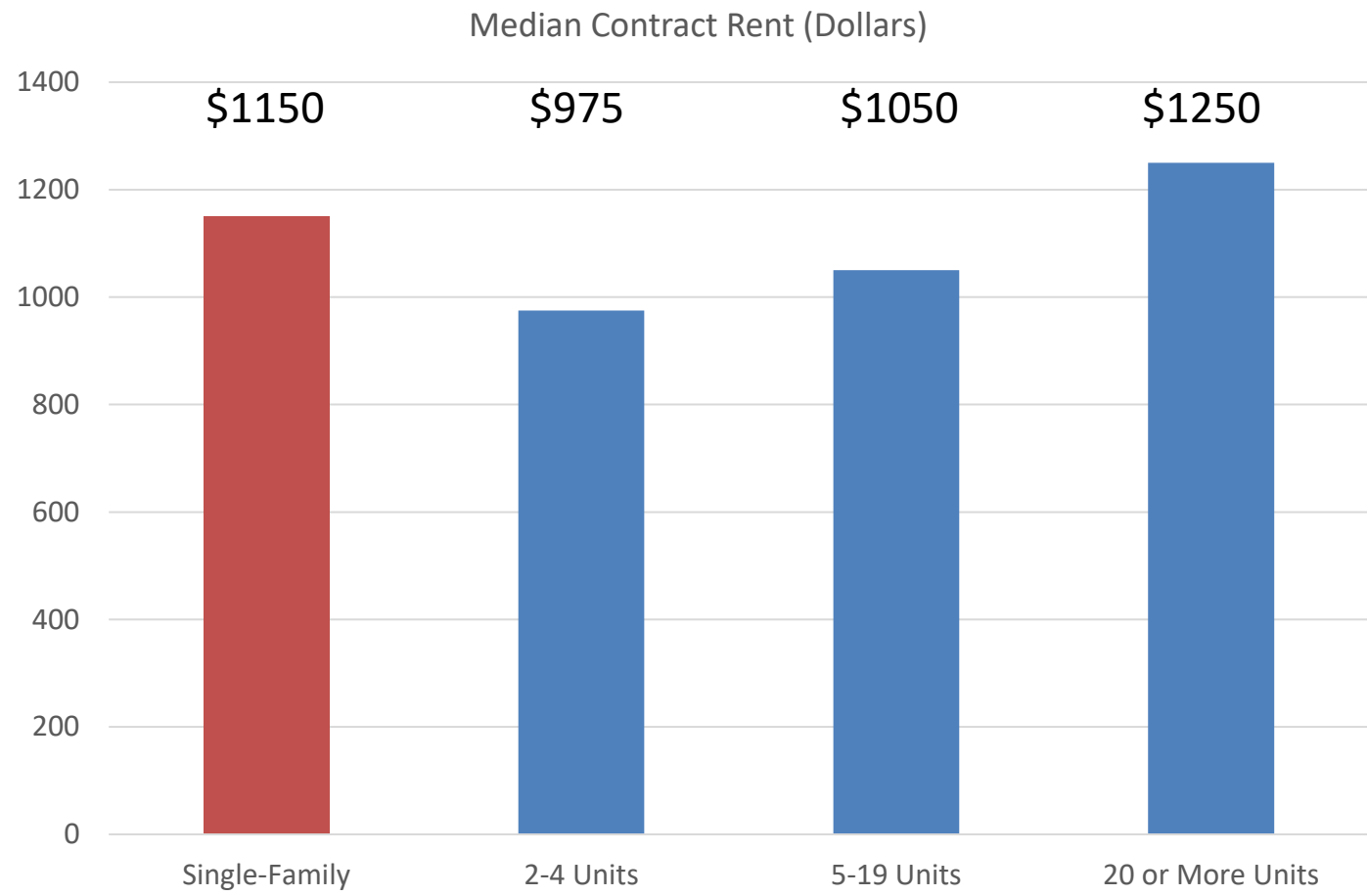
Principal Associate, Housing Policy Initiative

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pewtrusts.org/housingpolicy

Q&A

Small Multi-family Has Lowest Rents, But Often Prohibited By Local Zoning



Notes: Rental Units may be occupied, vacant for rent, or rented but unoccupied. Contract rent excludes utilities paid separately

Source: 2022 American Community Survey 1-Year Estimates

ADUs Are Naturally Affordable and Have Required Comprehensive, Permissive Laws to Reach Scale

Location on already developed lots, smaller sizes, and fewer amenities mean accessory dwelling units (ADUs) often rent for less than other newly built homes.



Without subsidies, about 1 in 3 ADUs ...

- Are affordable to those making $\leq 80\%$ area median income (AMI) in 5 high-cost California counties.
- House residents making $\leq 70\%$ AMI in Vancouver, British Columbia.

With preapproved designs and vendors, ADU permitting takes ...

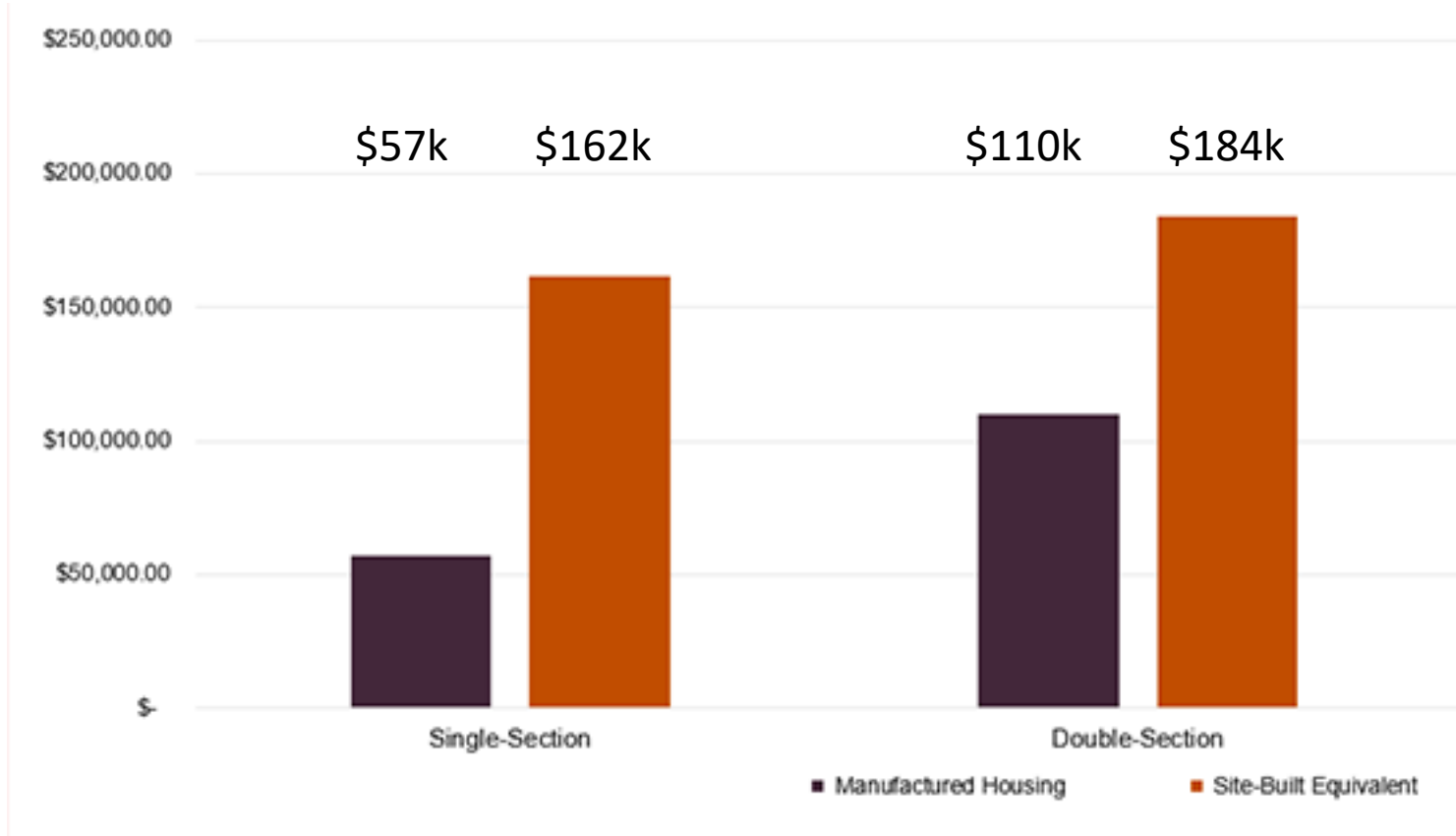
- 1 day in Los Angeles.
- 1 hour in San Jose.

9 states have legalized ADUs on all or nearly all single-family lots

Sources: UC Berkeley Center for Community Innovation, 2021; AARP, 2021

Manufactured Housing

Cost figures from 2020, for home excluding land



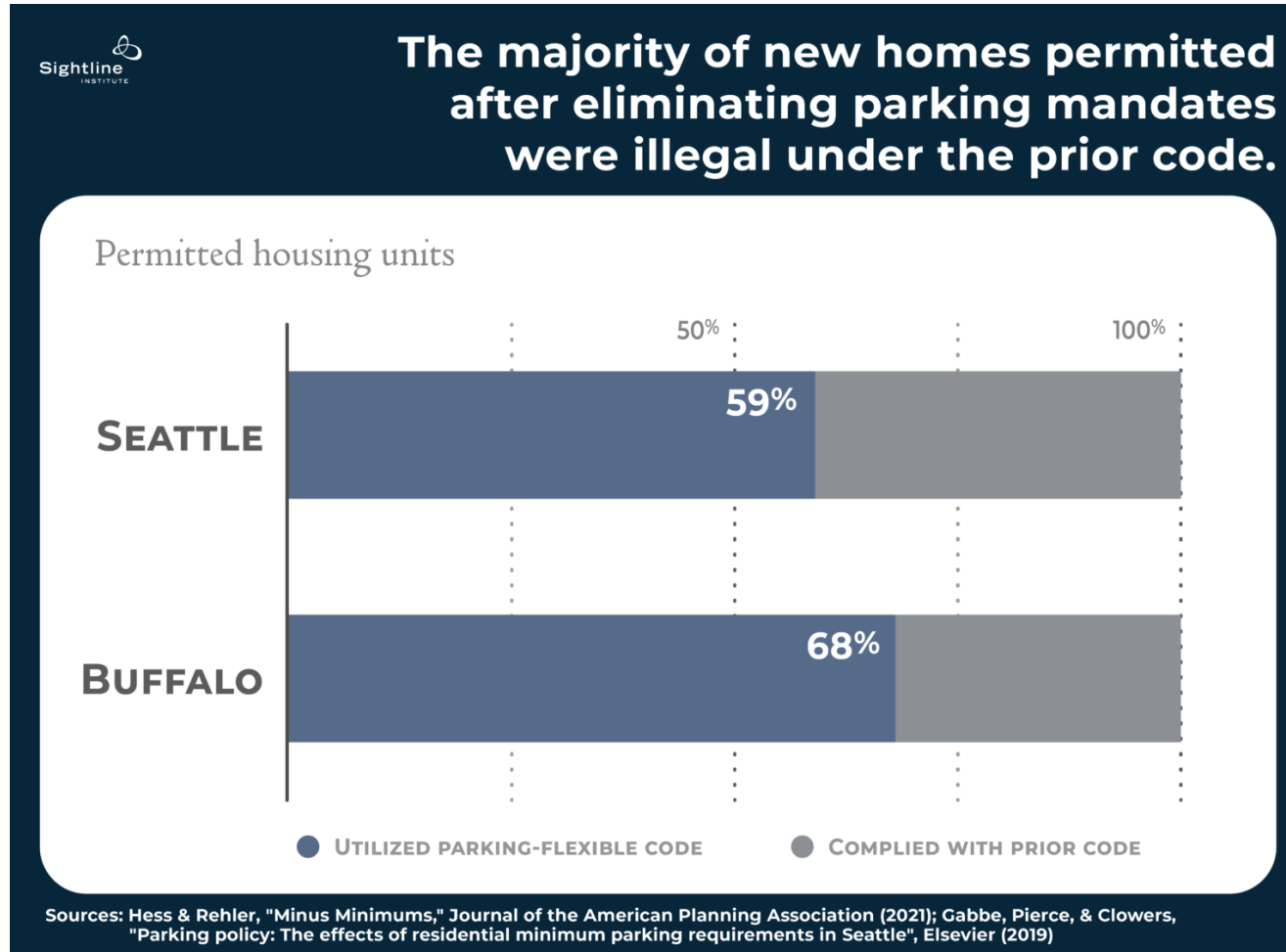
New manufactured housing is considered similar quality to site-built.

Many 2024 models are net zero ready (adding solar panels can cover all energy usage).

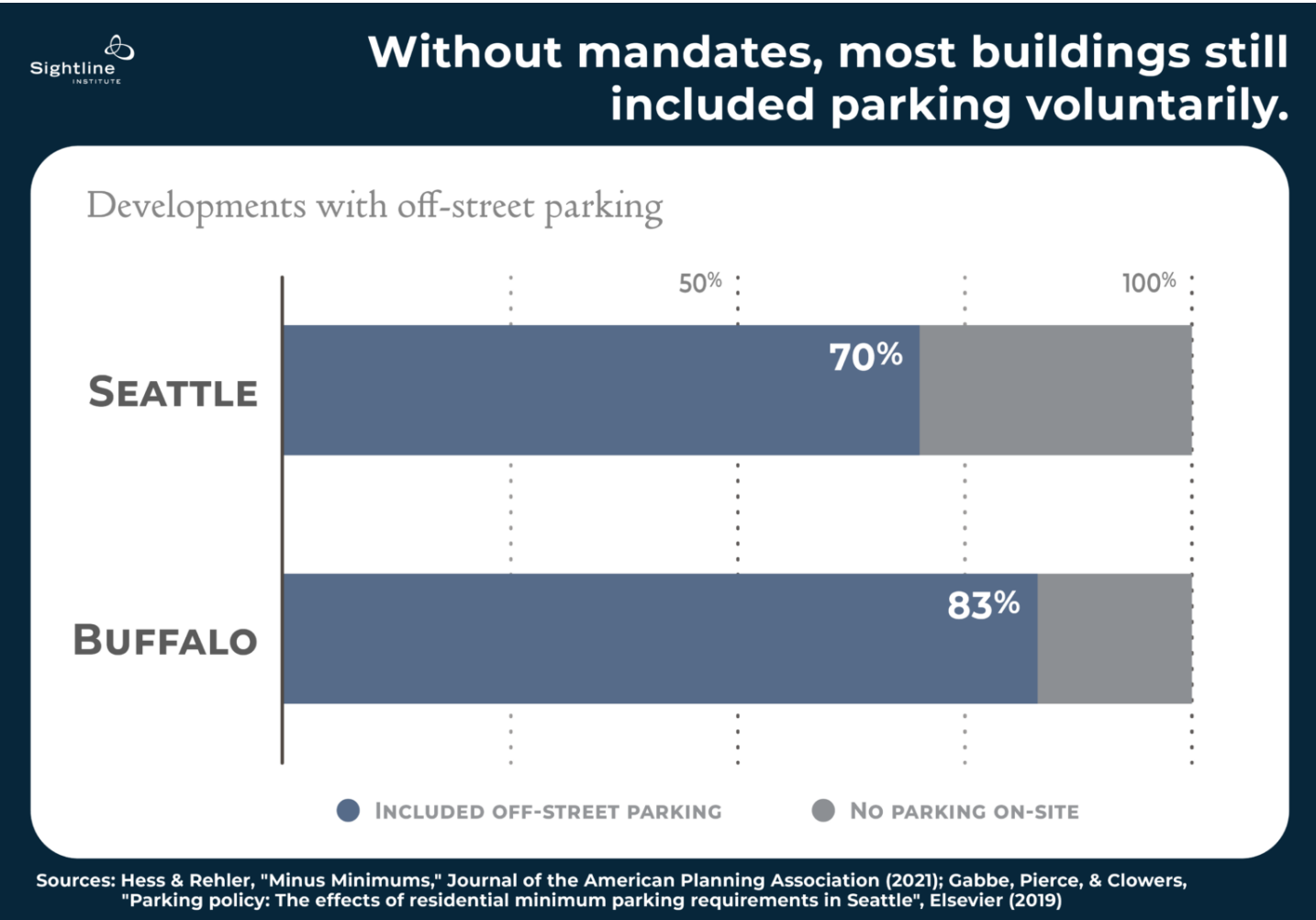
Trend toward states allowing manufactured housing anywhere site-built is allowed (including 2024 Maine and Rhode Island laws).

Source: Joint Center for Housing Studies at Harvard, Comparison of the Cost of Manufactured and Site-Built Housing, 2023

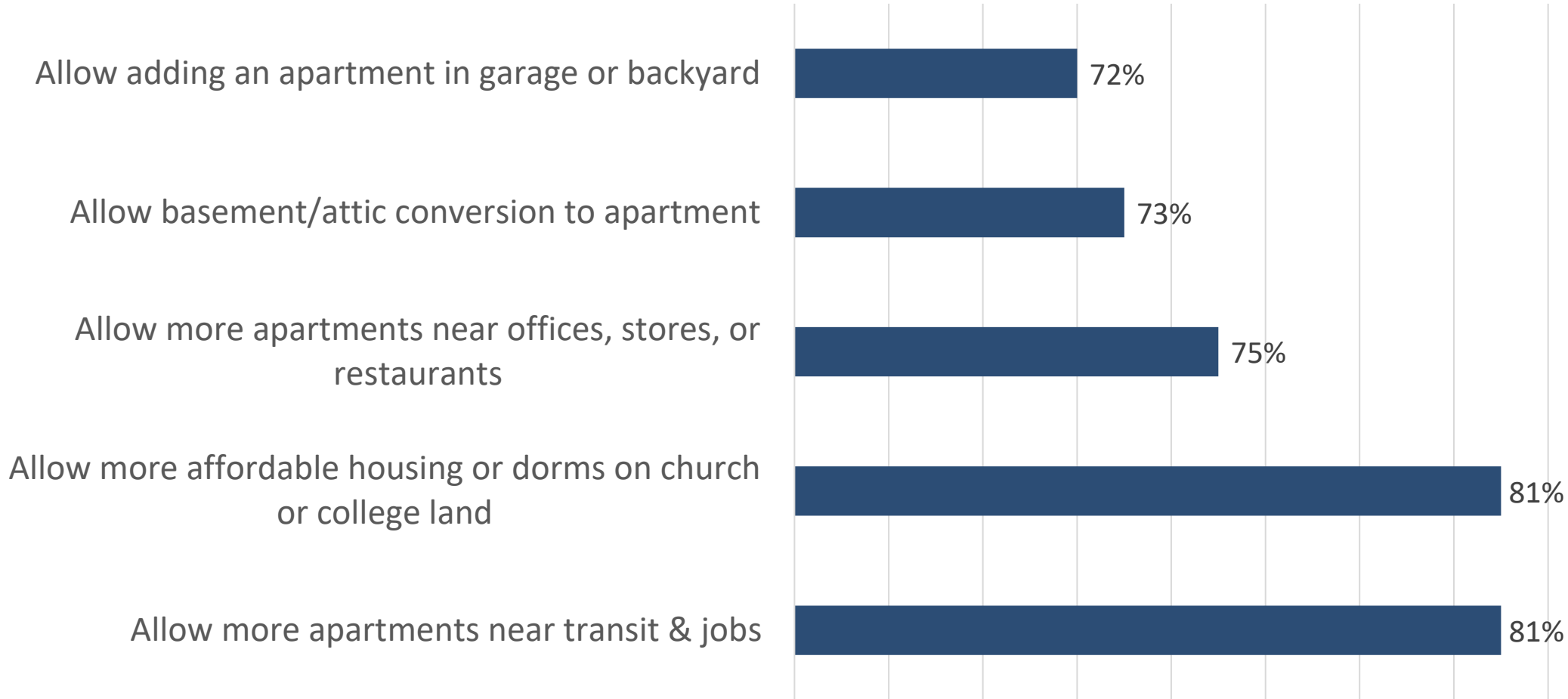
Increased Parking Flexibility Has Improved Housing Supply, Affordability



Most Housing Includes Some Off-Street Parking, Even When Optional

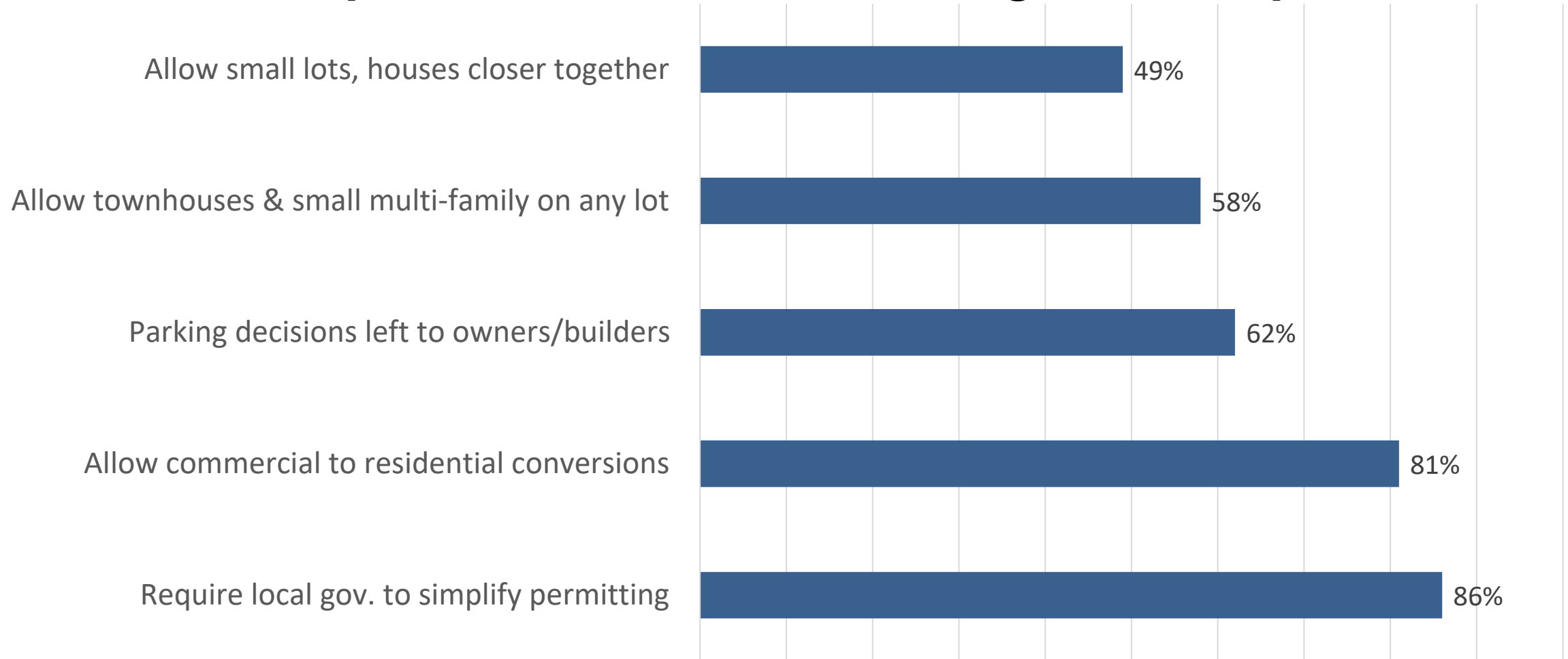


2023 Pew Survey: Share of Americans Favoring Each Policy



Source: <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/11/30/survey-finds-large-majorities-favor-policies-to-enable-more-housing>

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