S. 902/H.R. 2126, *HOUSING SUPPLY AND AFFORDABILITY ACT*

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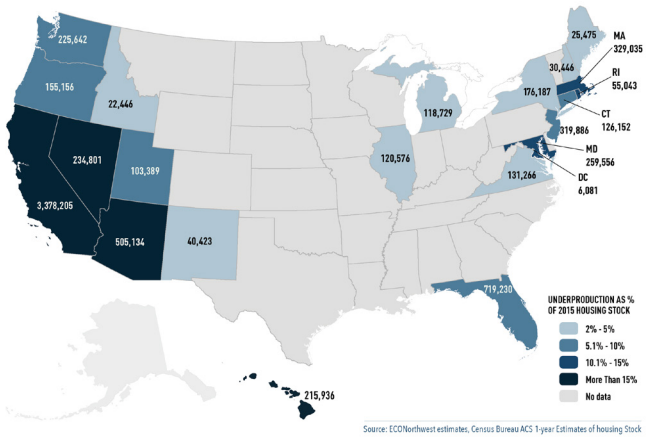
EXECUTIVE SUMMARY

The *Housing Supply and Affordability Act (HSAA)* creates a new Local Housing Policy Grant (LHPG) program administered by the U.S. Department of Housing and Urban Development (HUD). The proposed program would provide grants to states, localities, tribes, and regional municipal and county coalitions to support local efforts to expand housing supply. The *HSAA* complements legislation such as the bipartisan *Yes in My Backyard (YIMBY) Act*, which encourages local governments to eliminate exclusionary zoning and discriminatory land-use policies by providing the resources and capacity to enable entities to enact said policies.



BACKGROUND

- According to *Up for Growth's Housing Underproduction* in the U.S. report, from 2000-2015, the United States fell 7.3-million homes short of meeting housing demand.[1]
- Exclusionary land-use policies and artificial barriers to development are significant drivers of the nation's severe housing shortage and affordability crisis.[2]
- Housing underproduction also increases the cost of living for families, inhibits geographic mobility, financially burdens both renters and buyers, and stifles economic productivity. By one estimate, from 1964-2009, our national housing shortage lowered aggregate economic growth by 36 percent.[3]
- Many of these land-use policies are rooted in racism, including red-lining. Their continued existence perpetuates housing discrimination and contributes to the housing affordability crisis affecting large parts of the United States.[4]

LEGISLATIVE SOLUTION

- The *HSAA* creates a federal housing policy grant program that would provide funding for planning and implementing policies that increase housing supply, increase housing affordability, and reduce barriers to housing development. The *HSAA* requires these housing policies to prioritize avoiding displacement.
- LHPGs will be awarded on a competitive basis to states, local governments, regional coalitions of local governments, or Indian tribes that demonstrate rising housing costs and a pattern of imbalance between the availability of jobs and housing.
- Grants will be scored and prioritized based on the merits of the proposed plans, the extent to which the local effort will leverage other sources of federal, state and local funding, and the degree to which the plan will increase housing supply and affordability near transportation options, and in job-center locations. Preference will be given to applicants that represent regional coalitions to encourage regionally coordinated planning and development.

BENEFITS

- Targeted resources for the planning and implementation of policies will provide communities that want to enact pro-housing policy the capacity to do so.
- The LHPG program created under the *HSAA* will create a competitive process and an incentive for communities to proactively develop pro-housing plans, creating a "race to the top" effect from which other communities can learn.
- Preference for regional coalitions will encourage comprehensive planning and improve efficiency in the housing delivery process.
- Policies developed and implemented by program grantees will be assessed by HUD, and successful strategies will be published in a report to be issued by the agency.
- The $300 million-per-year cost will generate a significant return on investment for the federal government and the taxpayer through increased tax revenue, improved housing availability and affordability, and economic growth.

[1] Up for Growth (2019). *Housing Unproduction in the U.S.* Retrieved from: https://www.upforgrowth.org/new-report-indicates-housing-shortage-more-severe-once-thought
[2] Ikeda, Sanford & Emily Washington (2015). *How Land Use Regulation Undermines Affordable Housing.* Mercatus Research. Retrieved from: https://www.mercatus.org/system/files/Ikeda-Land-Use-Regulation.pdf
[3] Hsieh, Chang-Tai & Enrico Moretti (2019). *Housing Constraints and Spatial Misallocation.* American Economic Journal: Macroeconomics 2019, 11(2): 1-39. Retrieved from: https://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf
[4] Kingsella, Mike (May 2019). *The Legacy of Redlining Lives on Today Through Exclusionary Zoning.* Up for Growth. Retrieved from: https://www.upforgrowth.org/news/legacy-redlining-lives-today-through-exclusionary-zoning

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