

What will it take to build 10 million units of housing?

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[11] Jonathan Reckford: Hi. I'm Jonathan Reckford, CEO of Habitat for Humanity International.

Thank you all. Thank you to our guests, and thank you all for joining us for a really important conversation about housing and how we can — as a society and as a country — build enough housing so that everyone in our country can afford to have a place to live, something we all want. We want to talk about the huge challenges and what can be done in a very practical way about it.

Freddie Mac recently estimated that we need another 4 million units of housing to meet current demand, and the National Low-Income Housing Coalition estimates a shortage of nearly 7 million affordable and available homes for extremely low-income renters. We put a provocative title out before either of those data points coming out because we ... it can't be incremental.

The scale of the need right now in terms of supply — in terms of a market that actually can supply enough housing for the needs in all our cities — is so urgent right now. On pricing, the Case-Shiller Housing Index just showed the highest price increase in the history of the index, so it's great if you have housing already, not so great for everyone else.

We want to hold a conversation, and we've invited three national experts on housing that represent perspectives from multiple sectors because we think something as complex as housing requires a multisector solution, and I'm excited to hear their ideas about what it would take to build 10 million more units in this country. We are so honored today to have with us Dr. Raphael Bostic, who is president of the Atlanta Federal Reserve Bank, and David Dworkin, president and chief executive officer of the National Housing Conference, and Eddie Seiler, executive director of Research Institute for Housing America, from the Mortgage Bankers Association, and associate VP for housing economics. So welcome to each of you, and thank you for joining us today for this conversation.

The nonprofit sector is important as well because what we've learned is we need to bring together public sector — who set the environment for housing — private sector — which has

shown the ability to build at scale — but also the voice of the community and the families that we want to serve and how they fit into the equation. And so we are trying to look at it from all those lenses today.

Before we jump to the ideas about how to build more housing units, I want to spend a little time talking about the barriers that we face when it comes to housing. David, starting from the private sector perspective, as you listen to builders, what are the key barriers they face as we seek to increase the housing supply, both rental and home ownership?

[2:54] David Dworkin: Thanks, Jonathan. It's great to be with you and everyone on the panel. You know, I think that we need to think about housing as a continuum, and we often try to separate for-profit builders from nonprofit builders. We separate urban suburbs from cities, and we certainly separate rental housing from homeownership. And I think we have to remember that when homeownership is too expensive, you end up with more renters, and without enough units, you end up with higher rents, and higher rents means fewer people can afford to rent an apartment, and ultimately that leads to more economic homelessness. And so, you know, I often will say that if you don't like affordable housing in your backyard, you're going to end up with homelessness in your front yard. And there ... we really are all in the same boat here.

The other thing I would note is that the law of supply and demand is not going to be repealed, and so we're really in a unique situation that follows textbook rules, as Dr. Bostic can tell us. We have not nearly enough supply, and we have a growing demand, and that is always going to result in an increase in prices. So we've got to deal with supply.

And one of the tools to help people become homeowners is down payment assistance. And I've heard people say, "Well, you can't do that because you'll just increase demand and increase prices." And I'm like why do we have to choose? We need to help people become homeowners, but we need to build a lot more homes. If you're worried about prices going up because of increase in demand, then let's have more supply.

So I think that one of the ... there are several things contributing to this. I talk to a lot of builders, both for-profit and nonprofit, and I think it's a perfect storm of barriers. One is that there was enormous damage to the homebuilding industry in terms of the loss of builders who focused on starter homes during the Great Recession. So we saw a significant decrease in the number of homebuilders who were able to survive the crisis. They've been building back, but part of that strategy is to focus on higher-cost homes with ... when you have fixed costs. The other is that we've had a significant tightening of credit, and it's important that we don't go back to the days of the Wild West of subprime lending, but the pendulum has swung far in excess of any previous level going back to the mid-'90s, and so we've really got to look and see because we're excluding a lot of people who are perfectly good credit risks, who are likely to succeed, but we're increasing the cost of homeownership for them with these loan level price adjustments, and we're also raising the bar so high that many people who are perfectly fine at paying their bills but don't have pristine credit are unable to become homeowners.

The other factor is housing construction supply costs, and we've certainly heard a lot about lumber. Lumber prices are starting to come down, but you know, we saw up to a 400 percent increase in lumber prices. There are a lot of reasons for this. We lost a lot of mills in the previous recession that stayed closed. We had a trade war that was unnecessary with Canada. There's some environmental issues in Canada that have a ... had an impact. And then when we locked down in the pandemic, people were very focused on improving where they lived, so you had this home improvement boom, and we didn't have the supply to keep up with it, so prices shot up. They're starting to come down again, but there are other commodities that have also contributed to this. So supply is a big deal.

The other is land costs, and land costs I think are very driven by exclusionary zoning and development fees. The fact that land is so expensive is not an accident. We, in many cities, have zoning that is set up to ensure that we do not have higher density, that lots are larger, that homes are larger, that we ... that it's harder to build affordable housing, and I often say that exclusionary zoning is the last bastion of bipartisanship. You see this just as fiercely in blue communities as red ones. And it's just not OK to have a policy that basically says I want to keep them out. It's also true that better density often means a more robust economy.

Another factor that we've seen in many markets are development fees, and I often point to California. In most of California, development fees can be \$100,000 a unit, and in the Bay Area, you're going to pay \$100,000 a unit to the county before you stick a shovel in the ground or apply for a single permit, before you buy a single stick of wood. That's per-unit cost. I mean, there's no way that you can build affordable housing with that on top of it, and, if you are building affordable housing, you're going to use up a lot of your subsidy to fill that gap. And so I think the answer is that we've got to be thoughtful about these development fees and say no. If you're going to have development fees, you're going to have to have a carve-out for affordable housing because otherwise you've basically made it impossible for those numbers to work.

[8:51] Jonathan Reckford: Thank you, David. It's ... you know, I hear this all the time from our own affiliates all across the country, but also from private builders. The math doesn't work. With all the factors you put together, that a goodhearted builder who wants to make it work can't build something for a low enough cost that a family on a low or moderate income can actually afford to pay.

A few years ago in California, our California affiliates were paying over \$125,000 a unit on average in impact and development fees, which is more than a house costs in some parts of the country for us, and there, you know, we have not in my backyard, NIMBY everywhere. And in some parts of the country, it is, as you say, bipartisan BANANA. "Build absolutely nothing anywhere near anything." That creates a huge barrier.

Before we go to solutions, Raphael or Eddie, additions to the barrier side? Thoughts on that?

[9:39] Raphael Bostic: Not really.

Jonathan's answers ... or David's answers were very, very comprehensive. Like, he touched on ... I had my list of barriers thinking maybe he would miss one, but I think he ticked off pretty much everything.

There's actually one that I would call out also, which is a lack of skilled labor, which will push up labor costs. You know, you think about the carpenters, welders, plumbers who are required to build some of these properties. We've had a shortage of them for quite some time, which means that, you know, it's an auction to get them to work on sites, which is really going to push up costs. I think that's another factor that is worth calling out.

[10:21] Jonathan Reckford: Very much agree, and we've also been hearing there are other supply chain issues, as David mentioned, so a shortage of appliances, shortage of different pieces that have been tied to supply chain disruptions as well. Eddie.

[10:33] Edward Seiler: Right. You know, in addition to David's list, actually David started, you know, talking about supply and demand, so I think the demand side is really important. You know, there's been a lot of studies trying to estimate how many units we need to build per year, and in fact, a Joint Center estimate is about 1.5 million units per year, including new units and units to replace, you know, all the units that need replacement and also to build even vacant units. You know, people are, you know, buying a holiday home, second homes, et cetera.

One of the things, you know ... the question is where to build, you know, and I think one of the barriers that builders have is knowledge, and I think one of the really important things is to increase the knowledge they have to know where to build and to build what mix of units.

So for example, you know, we always talk about millennials, but we should also talk about, you know, boomers and what is going to happen. We're about to, you know, have what we're calling a silver tsunami where boomers are going to move out of their homes. They're going to have demand for new types of homes. Hopefully, the homes they move out of will filter down to younger cohorts, and so we have to think about, you know, where to build, what to build. And, of course, where to build has got even more complicated during the pandemic as we've been reading about, you know, migration from city centers to suburbs, et cetera.

I also want to say that, you know, knowledge is also climate change, so as climate change, you know, moves on, you know, building, you know ... we mentioned California. Do we build new homes in areas that are prone to wildfires? Do we build new homes in areas, for instance, in Houston that are prone to floods as these things will become greater?

And just to add on one more point that I thought was really interesting. We just talked about construction. Well, you can't construct without infrastructure, and we know that we need more infrastructure, and especially as people move out, we're going to have to help them be able to, you know, commute in to work, you know. We need better roads, better bridges. However, of course, when we increase infrastructure, that may take away from the pool of potential

construction workers to work on roadbuilding, et cetera. So we really need to think a lot more about labor issues.

[13:02] Jonathan Reckford: Thank you, Eddie. It is ... I appreciate that last point because we've been talking about housing as infrastructure. It's a core part, and I think the where is so important that it's got to be ... not only do we need more units, but how do we create mixed-income, mixed-use communities where people have access to schools, access to jobs, access to ... because if you think as your real housing cost is your rent or mortgage plus utilities plus the cost to get to work, there's an extra tax as people have gone further and further afield, which is both bad for the environment and terrible for their families in terms of the burden that that creates.

Let's switch then to the solution side, the more exciting. Recognizing none of this is easy. Raphael, maybe you would lead off, you know. If you were the housing king. You've seen this from multiple lenses over time. What would be the biggest levers that could be pulled that could meaningfully open up opportunities for increasing supply?

[13:58] Raphael Bostic: Well, I don't know if I'd call myself a housing king but maybe a duke or something like that. You know, I was thinking about this question, and I was going to talk about very specific things to start, but I actually think something that would be most helpful is really a change in mindset around what housing is and how it fits into communities. And when I think about zoning, for example — and we know that, you know, if you look at the urban form, there is a possibility to add density around nodes of activity such as transit stations, getting more mixed-use type of activities — that could really increase the amount of housing that's available without having a material change in terms of people's day-to-day flow and congestion and those sorts of issues. But that requires a change in zoning, and changes in zoning require a local community to change how they view density and congestion and opportunity. So that's really about a mindset much more than something technical.

Same things around accessory dwelling units. So, you know, the granny flats and the things that might be addendums to a single-family home. In many places where they are not allowed, it's not because they don't like grandmothers. It's because they have a different view about what that's going to mean for how their community plays out and how it works, regardless of whether that's going to be real or not. And so these sorts of things are more mindset, and biased toward the status quo, letting fears that may not be founded carry the day.

And I'd tell you one other thing which I've been thinking about a lot, which is, you know, if you think about our lives today, technology has really changed tremendously. When I first met you, we couldn't ... we weren't doing things like this. But we have now learned to leverage technology and make things and have products that are very, very different than they were before. If you think about housing, the technology actually has not changed that much. It still takes an incredibly long time to physically build a house. It requires the mix of people that all come together. And I think that we really should be exploring ways to improve the technology of

homebuilding, so that once we have things that are done, they can be built quickly and be lived in.

Now, we have a whole manufactured housing industry, and this ... but this is another area where mindset matters. You know, I think a lot of people, when they think about “would I live in a manufactured home?” their first and visceral reaction is “absolutely not.” Like, “it’s not something that I would want to do.” But I think that there’s really an opportunity to change the mindset and have people really look at the strides that have been made in this space.

And then the last technology point I would make, which gets to the affordability issue, is that, you know, technology is changing how we can get our work done and where we actually need to be to do that work. And so if we can leverage that technology in effective ways, places that were actually unappealing for housing to go because of the transportation burdens that you called out might actually be much more appealing, and they can be places where housing can be built. So rethinking the geography of housing and how that fits into and matches the changing geography of work.

[17:22] Jonathan Reckford: That’s so important. Thank you.

It’s ... you know, I was just looking at a recent ratio of new jobs to housing, and if you don’t create housing in proportion to those new jobs, you can’t get there, and I do think it’s interesting now in that sort of overflow, people moving during COVID into less expensive places where they can have more space and increasingly can work virtually. And hopefully that could create some rebalancing, but I still think we’re going to ... we still have a huge deficit. Eddie or David, more solutions?

[17:53] David Dworkin: I think Dr. Bostic raised some really important points. One is on the jobs front, and you know, we’re coming out of this really horrific recession. We have a lot of people whose industries have been impacted. Many people are going back to work, but there are other people whose jobs don’t exist anymore, and so we really need to think very creatively and be forward leaning about retraining.

And the nice thing about retraining people in construction trades is that you don’t have to take on a whole bunch of student debt, and there are easier entry points, and there are opportunities for training on the job, and there’s an enormous need. So I think all those things come together rather well, and we have to ... we really have to be focused on the solutions and think about these holistically.

The other thing that was mentioned was about technology, and I think, you know, we need to think about manufactured housing much ... in a much more open way. I mean, there’s the traditional, you know mobile home, but there are also offsite construction that you can frankly not tell the difference, and oftentimes those can be very effective as in-fill housing in neighborhoods that have had decay in the past and are coming back. And there’s also components that are built offsite that can save a lot of money. And, I’ve seen foundations that

were built offsite. I mean, it never even occurred to me that that was possible. Certainly, you know, walls and roofs and things. And that is just another way to address building costs, bring the price down and be a part of the future.

[19:44] Jonathan Reckford: I think it's such an important point. And I do think there's a branding issue. You know, all the way back after Hurricane Katrina, we partnered with modular housing. And for rural areas along the Gulf Coast, and we found they could build to 80 percent or 70 percent, and our volunteers and families could finish the houses, but it leveraged the skilled labor, and that was the key bottleneck at that point where you didn't have enough plumbers, didn't have enough electricians. And it's very efficient to have them work in more of a factory setting. So it is ... I think that is important. And it is interesting how much the world has changed, but how much a lot of homebuilding looks a lot like it did 50 years ago and does not look as different. Eddie.

[20:23] Edward Seiler: Right. I think in addition to the, you know, the very good points that have been raised, one of the things we, you know, we've been thinking a lot about at MBA is how can we, you know ... what could our role be in this? And I think one of the things that we've really come to, you know, to agree on is that we need to work together, that we need to build coalitions of different groups in various areas. So to really increase the supply, we need to work together.

So how are we approaching this? So we started in Memphis, and we have a project called Convergence Memphis. And Convergence is the idea that we're bringing together, you know, all the groups we can think of that can help, you know, help build the solution. The solution isn't simply to throw money at the issue. You know, it's ... it would be very easy to think we could have a helicopter drop of money and everything would be good, but of course we need to think about solutions, and we need to work with local partners to understand the specific markets.

So let me give you an example from Memphis that really sticks with me, and it comes back to ... David talked about down payment assistance. So we're focused on three neighborhoods in Memphis where there is a stock of housing, but a lot of the stock is dilapidated, and people can't live in these homes, yet you know, the stock if you were to buy that home, let's make some math. If I was to buy a home for \$40,000, it may take \$60,000 more to actually make the house into something that somebody would want to live in, \$100,000, yet it would only appraise for \$80,000.

So we need to finance this gap in order to be able to move people into homes, and bringing together many people with many different ideas can help us solve this, you know, solve this issue. So you know, Memphis is one place, and now we're starting a second Convergence project in Columbus where there are very different, you know, very different issues. So I think what it really comes down to is working together, building coalitions, having local partners that understand the markets, And to work smart.

[22:29] Jonathan Reckford: That's great, Eddie. Thank you for raising that point. Because I do think one piece is the voice of the communities themselves, and we've seen well-intended projects go really poorly because they didn't start with the voices in the community, in terms of their vision for their own communities. But you've identified the other side of ... the hidden side of the housing market that we still have cities, and within cities, communities around the country that have been historically underinvested in, and that math ... that different math problem.

We've actually been strongly supporting on the federal level something called the Neighborhood Homes Investment Act, which would be aimed exactly at the problem Eddie just identified, which would be a tax credit financing that would support that delta. Because if you're a developer and you can't build ... Habitat can't build something that will appraise for the cost of building, then ... or rehab for the cost of building ... then we're seeing existing stock fade away when ... at a time when we have such a lack of supply. And so we do think, we've got to collectively figure out how to close that gap in a way that can work and that's a ... it's a great example because there are not only whole cities where that is true, but there are many cities where the overall market's strong but parts of the city, that is true.

[23:41] Raphael Bostic: And, Jonathan, I would just say on this point ... because if you look across my district, I have the southeast United States, so six Southern states. This issue of housing that could be very livable with a rehabilitation investment is something that I think has been overlooked. And that's definitely true in more rural communities and some of the smaller cities in the Southeast, but it's also true in cities like Cleveland and Buffalo where there is a stock of housing that is standing but not really going to get to maximum occupancy because of the need for rehab.

I also think this rehab space is something that landlords think about a lot in how they consider pricing their homes or their units. That can make some of their units ... put their units out of reach. You know, I've talked to a number of landlords who say, you know, when we have long-term tenants and they leave, the cost to rehab is too great. So I'm just going to sell this to, you know, a major developer. They're going to tear it down, they're going to put in some high-rise stuff, and that stock is lost. And so this issue of preservation is really, really very important and I really agree with ... I think that Memphis project that Eddie talked about is very interesting.

Now there's been one other thing, and it goes back to the mindset. So David said something in his opening comments about that ... density — and I wrote it down — can drive a more robust economy. I actually think that's true, but I don't think many people actually believe that. And so having a conversation about, like, what's the evidence that shows that this density's actually not a net negative, but it's a net positive for you, for your community, and for the set of opportunities you're going to have access to. I think there'd be tremendous value in pushing that message out and really showing the evidence to support that. Because if people actually see housing going in as in their interest, they'll be much more likely to support more of it happening.

[25:46] Jonathan Reckford: Very true. And I think the transit piece is critical to that because one of the concerns is then traffic and infrastructure, you know, to support it. Thank you, Raphael.

Other pieces I'm curious of ... land is, you know, land is such a giant issue, and, Raphael, your point about, you know, building density in the right places. Because it doesn't need to be dense everywhere, but how do we have ... you've all seen the data over and over that the amount of most cities that is zoned single family, only in a way that has essentially created a financial barrier or economic barrier that doesn't allow, you know, apartments or units that would be more affordable, and we've seen ... certainly been part of efforts that allowed ADUs, efforts that have allowed at least low-density multifamily, so two, three or four units in any of those places put perspectives on that because I do think it's really hard to solve without land.

[26:46] David Dworkin: Well, you know, when we think about these land issues, we have to really call it out for what it is. There's a significant racial component to this, and it has a history. Zoning was the original way, the turn of the 20th century, that people were kept out of neighborhoods. That evolved into Jim Crow rules that specifically forbid people of different races to move into neighborhoods, and then when that became illegal in 1968, we see a big resurgence in zoning as a tool to keep people out. And so we focus on income, which is absolutely a big part of it, but race plays a role, and I think we just have to be honest about that.

And in this environment that we've been in for the last year and a half where there's really a growing sense of outrage over racial injustice, we're going to have to take a look in the mirror and see what can we actually do about that and how are we contributing to that. Because, you know, we hear a lot about black lives matter, which is absolutely true, but black livelihoods matter, too, and I think we sometimes lose that, and we're going to have to be honest with ourselves about how we might be contributing.

[28:11] Jonathan Reckford: Thank you for raising that, David. I think it's so important.

And, in a way, cities were designed to be mixed income historically. Everyone had to live close enough to be able to walk to work. And then with the advent of, in a way, car cities, we've become economically as well as racially segregated. And I think that gets in the way of creating the change. And ultimately, I believe both ethically as well as practically, everyone loses from that perspective, but it's a big mindset shift, to Raphael's point.

What ... where have you seen cities being the most creative around ... on the solution side of that to opening up or reducing those barriers or opening up more opportunities?

[29:00] Edward Seiler: I think ... if I take a stab at this. So, you know, over a decade ago, Ed Glaeser wrote a very influential book, *The Triumph of the City*, and I was a young researcher back then, and I would ... was thinking, wow, you know ... you know, you think of concrete jungles and Manhattan being more efficient in many respects than large suburbs out in Houston where people, you know ... you know, cut down wooded areas to build 6,000-square-foot

homes to commute 40 miles to work. That had a large impact on me, and you know ... but the question of what to build for the mix of what density, what quality level to build within a city, is actually a really, you know, difficult problem to solve. And at the Research Institute, we engage ... you know, we engage authors. For instance, we had this author back in 2004, Dr. Bostic, who was one of our earlier authors, but now we've been engaging some of these younger, you know, academics who are using a lot of these more advanced techniques than we learned when we were in graduate school.

And I've engaged a young researcher from Johns Hopkins, Luis Quintero, who's built these complex simulation models, and he already built it for Philadelphia, and the question is, you know, at what density do we want to build, what height, and then what quality. You know, what ... when I say quality, I mean, you know, Class A, B, C apartments, et cetera. And to be able to get the, you know, the right mix, you know, for first-time homebuyers and LMI households and even affluent households within the area. And Luis is expanding the study to other cities, so I think of Philadelphia, I think of it as being, you know, an established city, but then I can think of newer Sun Belt cities, for instance, or, you know, more stagnant cities in the Rust Belt, and so Luis is building these models for a various set of cities, and I'll be really excited to see the results and share them with everybody because this will help us think again over this knowledge barrier that developers have and can help them think of, you know, to be not only, you know, to build the correct mix, but also for developers to be profitable in doing so.

[31:20] Jonathan Reckford: Thank you, Eddie. It's ... you know, it is a little bit of a conundrum that some of the cities who historically have not done as much planning but made it easier to build have been much more affordable. And ... but now we're seeing even the Houstons and Atlantas that were quite ... that didn't make it too hard to build have seen such rapid price acceleration that that house that, you know, that Habitat could build for \$100,000 is now appraising for \$250,000. Incomes have not moved in any way to keep up with that, and so in a way that creates that urgency.

[31:57] Raphael Bostic: So, Jonathan, if I could just jump in there because I think that dynamic is also at play here. Growth in a lot of the higher-cost places has exploded. And because, you know, the building process for homes is protracted, you know, you're going to wind up with this demand-supply mismatch that's going to be hard to manage. And I actually look across the country, and I see the same mismatch happening, especially at lower price points. So the new housing tends to all come at the higher price points, and if there are ways to get housing or some fraction of that to be at lower price points to sort of balance out the nature of the imbalance, I think that can actually be quite valuable. So things like credits for homebuilders if they agree to have affordable units as part of their construction maybe finding creative ways to use proper- ... public property.

Like, I know Los Angeles has started exploring taking parking lots for public schools and building affordable housing on them because the idea is, if that works right, the tenants in the house are away during the day when the teachers would want to use that parking lot. So you can actually get more efficient use of your land if you do those things.

You know, Seattle has really been exploring how do we allow more accessory units on single-family parcels. So rather ... so changing the ... you mentioned earlier the predominant form of zoning in most cities is single-family residential detached, and Seattle's exploring how to change that. And then the Minneapolis-St. Paul area, you know, some of the major cities are actually just exclusively upzoning and saying, you know, for wherever we have, you can do more.

I think these are all things that are quite interesting to be exploring to see what that does to the dynamic around affordability, around commuting patterns and around congestion because these can be test cases to potentially push back against some of the concerns that people are articulating around why we should not have more housing in neighborhoods.

[34:09] Jonathan Reckford: So important. Thank you. It is ... and I think we need to tell those stories. And obviously, some have just happened. The Minneapolis and Austins. Portland has, gone big on ADUs, and I do think those are ways to, you know, more easily get more families into those high-opportunity communities. But I do think the thinking about the overall community infrastructure becomes an important piece. We were disappointed that housing was not part of this core bipartisan infrastructure bill because we of course as housing organizations thought ... think of housing as such a central piece, but it is ... we're hoping to see on the policy side. And Raphael just brought us in that direction.

If you pick any level, that's local policy. If you think about local, state and federal, what would be top of your wish list that would help, you know, narrow the gap so that would increase supply?

[35:09] Raphael Bostic: For me, I think it's really creating incentives so that regions have to come together to figure out how to address their housing challenges. You know, we can all do the math. I mean, you talked about the shortages, but those shortages really need to be considered in the context of a regional economy because, you know, the people come to the region because there are economic opportunities, and we don't want to stop those. What we want to do is find ways to facilitate that. And so if we can get the whole region to understand that it's an everybody issue in the region so that everybody needs to be contributing to the solution, that can help make these markets work I think a lot better and have more developments supporting the economy and getting more units to come on much faster to respond to changes in how the economy's growing.

[36:12] David Dworkin: I agree, and I think that, you know, you hit on it, Jonathan, when you talked about the Neighborhood Homes Investment Act. This is a piece of legislation that has bipartisan support. You don't see a lot of that. And so I think we've really got to push for that to see if we can get that over the goal line this year, and that's going to make a difference in part of the market where homes rather than being too expensive are ironically too inexpensive, and you end up with these appraisal gaps. So let's fix that, and we can move on to the next thing.

And, you know, it'd be great if we could get \$4 trillion of, you know, solution all at once with a magic wand, but I think fair to say that's not going to happen. So I do believe we need to look and see where do we have the votes, and let's get some of these done and build our case.

[37:06] Edward Seiler: Right. I have to agree. I think ... I think Raphael used the magic word to incentivize, so I think, you know, the federal government's job is to facilitate and incentivize markets, and I think the first thing, you know, and this is obviously high on the agenda, is to set a fair playing field.

So, you know ... you know, this has gone on far too long and, you know, it's time for national, you know, fair lending rules, and we need fair playing field for everybody. I also think we need incentives that are not inflationary. So what I mean by that, you know, there's been a lot of talk about, you know, many incentives that, you know, that for instance, FHA has put out there have just really helped drive up the prices for first-time homebuyers, and so we have to be very cognizant of that.

The other thing that I think the federal government can do again is coming back to the infrastructure, and I think we took another big step forward here. So it's not just transportation. You know, water is important. You know, we've ... we're living this heat wave in the West, and you know, I'd read an article last week about building somewhere in Colorado. It stopped because they didn't have the water to be able to build.

And of course, another part of infrastructure is jobs, and if we're going to have the infrastructure plan, we need to also have, you know, education ... education of construction workers so we can have more qualified workers join the workforce.

You know, coming back to the point that everybody else has made, and I'd be remiss if I wasn't to say it, but of course, we need audits of land zoning and other restrictions, and many of these restrictions are local, so this is already down to the state and local areas. But of course, you know, with all the tragic events we're seeing in Florida, in Surfside, we have to be very careful when we come to auditing all the regulations that we don't encroach on anything that would ... that would harm safety. You know, safety first. We can't, you know, we can't take, you know, again, a hammer and blow away all the restrictions. We have to think about which ones are needed and which ones have become more of the NIMBY-type restrictions over time.

[39:23] Jonathan Reckford: Thank you, Eddie. You know, I hear a lot of that from ... and I think it goes back, connecting your earlier comments around climate. So for instance, if we're building in the Gulf Coast, we should spend a few more thousand dollars to have really good hurricane strapping and anchor roofs, and we've seen ... we call ... Habitat Strong has made a huge difference in terms of the sustainability of those homes. That's a great ROI.

I think where the restrictions cause the ... what would be an 18-month build to be a three-year build or create uncertainty, that's a high tax along with cost and how to balance, and maybe,

you know, back on the ... to go into the danger zone a little bit, you know, what are ... what's the right balance?

Because I think they're well-intended. I'm not an economist. You ... we have some on the panel. You know, there are things like rent controls that are great for making sure it stays affordable for the people who are already in apartments, but potentially constraints to buy. So how do we find the carrots and sticks that allow ... that do create the right incentives for mixed-income communities? And it is more side observation. I heard a friend say that cities do have land, and I do think, you know, just looking at the map, either there's got to be subsidy in land or there has to be subsidy in financing. So we've got to find one way or another to close the gap to get those units to still be affordable. And who do you ... who have you seen doing the best job of kind of balancing those incentives, maybe at a city level if not federal?

[40:52] Raphael Bostic: Well, Jonathan, I'm not sure anyone is doing this great.

But what I would say is this. Your comment that cities know ... cities have land. That may be true, but I'm not sure that all cities know what land they have. And so this is an area where, you know, what data is available, how is it compiled, how is it ... and how is it understood in the city can be quite important.

Here in Atlanta, I will tell you there's ... there are efforts going on right now to build the database of the city's available land that might be used for housing so that you can actually start to prioritize and have a plan. But because most databases that cities have weren't built really to do analysis, they've been built to track just details, these things actually require a rethink on how we have our information and how we use it, and I think this is something that is ... I'm pretty sure this is a challenge across the country in many, many communities. Like, they wouldn't know what the five most housing-ready parcels are if you were to ask them what to build. And so that effort then devolves to developers and others who have other interests in addition to affordability, for example.

And you wind up with something less than what might be optimal from a public policy perspective. So we need to make sure that information is more broadly understood, compiled, and made available for the policymakers and analysts to help have this conversation about, OK, if we need to drop, you know, 5,000 units, where are we going to do this. And if we can do it on public lands, then it's going to be a whole lot cheaper, and it'll be a lot more affordable. So I think that is actually a very important factor.

And one other thing I would say, just to stay on my mindset theme, you talked about housing not being included in the infrastructure bill. That's about a mindset, and it's a mindset of what counts as infrastructure. I'm actually very pleased that the bill has broadband included, which is a new thing. As I go around, you know, in my district, I hear communities say, "Look, we can't attract businesses if we don't have broadband, and it's hard to get broadband here. It's super expensive." The mindset really did shift there to have it included, so I think there is a possibility

that can happen in housing, but it's going to require a concerted effort and a concerted messaging on that.

[43:33] David Dworkin: Yeah, I think that's right, and you mentioned carrots and sticks, and I think we've got to get really serious about that because when we look at hundreds of billions of dollars of money for traditional surface transportation, why are these roads wearing out so fast? And the answer is because people are having to move further and further away to find affordable housing. So basically, the federal government is enabling this restrictive zoning, and we've got to look at that. There is a limited amount of funds available for surface transportation. I think it's not unreasonable to say it should go to the communities that are dealing with their exclusionary zoning problem as opposed to communities that are part of the problem.

And linking that is not very popular, but you know, it's also a fact that it works, and that may be why it's not very popular. So I think we really need to look at these holistically when we talk about infrastructure and what drives the cost of infrastructure.

And then finally, I would say, you know, I absolutely believe housing is infrastructure. I can't imagine how housing is not infrastructure. It doesn't mean all housing policy is infrastructure, but it definitely means that physical property, the ability to have units that are available across the income spectrum, their maintenance, that's absolutely traditional infrastructure. I also don't want to blow up the rest of the infrastructure bill because I'm not getting my way. So I think it's great that they're doing this bipartisan bill. I'm sorry I'm not in it. I'm going to continue to make my case, but I don't want one dollar of that to end up on the side of the road because I'm not happy.

[45:23] Jonathan Reckford: We need more with your mindset, David, and I'd feel more optimistic.

Habitat is actually doing our first-ever U.S. advocacy campaign, and it's totally around ... it's called Cost of Home and totally focused on this issue of how do we increase supply, how do we increase preservation, how do we have equitable access to credit, optimize land use, and then opening up opportunity for communities of opportunity for people to be able to move in. And so it's an umbrella of 330 local campaigns, and it's been exciting. We've seen about 4 million people have increased access to housing in the first couple of years through different policy changes that Habitat helped steer in local communities, but we know we need federal action if we're going to move it.

I want to toss in one nonprofit example because it's not ours, but I think it's really interesting about rethinking, and one of the themes we spend a lot of energy on is housing and health, and my friend's sister, Donna Markham, who leads Catholic Charities, has created a test partnership in five communities with Catholic hospitals and Catholic churches, and the churches are providing land. The hospitals are financing supportive housing because it will actually lower their costs because they are keeping people in emergency rooms that could be much more less-expensively housed in supportive housing with wraparound services. So the ... there's actually a way to take inefficient health spending and use that to create more housing units. And I think

we need more of that budgetary cross-functional thinking as ... and tying both housing to health, tying housing to the other outcomes that can make a difference.

We did promise our audience an opportunity. One question that has come in from the side, and this was referenced early in the conversation, is how do you anticipate changing age demographics impacting housing as ... our questioner talks about the silver tsunami hitting, but that is going to change housing needs. Thoughts on that?

[47:22] David Dworkin: I think there are two things going on here. One is, as you say, the silver tsunami. Baby boomers have a very low savings rate. It's really frightening to think about what's going to happen 10 years from now as they're living on Social Security alone and how they're going to possibly pay for their housing. We could end up with a huge senior housing ... homelessness crisis. But we also have this millennial generation that a lot of people had written off of ... well, they're not interested in housing. That's actually not true at all. They are forming households more slowly, just like Gen Xers did compared to baby boomers, just like baby boomers did compared to the Greatest Generation. That is a normal progression that we've seen in society, but we also know that baby boomers have a very high savings ... I mean, excuse me, that millennials have a very high savings rate, and now that they're forming households and having kids, they're going to be entering this market, they're going to have money to spend, they're going to want to get out of that cool, hip apartment with two bedrooms when they've got two kids. You can do that math if you've ever been a parent. And we're going to have to accommodate them, or it's going to drive prices even further.

[48:42] Edward Seiler: The silver tsunami question is something we, you know, we think about a lot, of course, at MBA. And so we've engaged some rehab ... the Research Institute has engaged Professor Gary Engelhardt from Syracuse University to write a paper on this topic, and he's going to be looking at the exits of the boomers, you know, down the road, what this will do to potential house price dynamics, what it means for younger cohorts. And so I'm excited this paper hopefully will publish at the end of this year or the beginning of next year, so that's a plug for an upcoming paper.

[49:22] Jonathan Reckford: We look forward to that. It is ... I do hope there'll be some creativity. You know, we've got lonely people. A growing area for Habitat to this has been aging in place. And actually, Memphis, to your example earlier, is a place where one of the felt needs we saw were lots of low-income elderly folks who had housing but inadequate and unsafe, and relatively modest investments could help them stay safely in their homes. And I do think that's a ... that will be a growing need just as we see the breadth of it.

As you think about ... in our remaining minutes, what have we missed today? What, you know, in your wish list, if you had the ear of both a critical Republican/Democratic senator or key mayor, what would ... what should they ... what would be the main takeaways you'd want them to understand if we want to actually make a difference in this space?

[50:21] Raphael Bostic: I guess for me, what I would say is, um, because housing is not working for so many Americans, there are other costs that we all are bearing, and these costs actually I think are housing costs. They're not viewed as housing costs. I think about congestion. One of the reasons we have congestion is that people don't live close to where they work, and those are ... that's a housing problem. It's not a jobs problem. The jobs are going to go where the economy says those jobs need to be located, but where the workers are going to live is going to be a function of that. So all the time we lose trying to get from Point A to Point B — whether we're that commuter going to work or we're just trying to get to the grocery store — all those are housing issues. And so, to me, I think that there is just a cost that we are all bearing that's kind of hidden because we haven't rationalized our housing markets and our housing functioning that we need to ... I guess we call these externalities, the externalities of housing not working that we need to internalize.

And if we do that, I think we can get a critical mass of policymakers to really do this and appreciate the need. I would ... in Los Angeles, when I was a professor before I took on this role, we used to do training for city council members, for county supervisors, to talk about this, this very point. That if your city doesn't put housing in, that doesn't mean the housing's not going to happen. It's going to happen somewhere else, and you're going to a whole bunch of other costs. And so that we all take this on and own it, I think is really a message that I ... that's a seed I need planted, I'd love to see planted in every policymaker's brain so that it would continually grow, and then when issues around infrastructure would come up, housing would definitely be there. Because it does contribute to the drain and the use of all these things. I like the commentary why do we have to do our roads over so regularly? Because we use them a lot, and there may be ways to use them a lot less. So this hidden cost of housing, I think, is something that I'd love to see more people recognize.

[52:36] Jonathan Reckford: Fantastic.

[52:38] David Dworkin: Yeah, and, I think, you know, we've got to really focus on bipartisanship here. Housing has been a bipartisan issue in the past. It needs to be one again. I think that the Bipartisan Policy Council is taking on housing once again. They did an incredible report in 2013. They put together a new group that's going to look at this. That's very important.

The Problem Solvers Caucus is very important. I think that Republican lawmakers in particular need to talk to their constituents, and I think, if they ask, they will find that a surprising number of their constituents who are middle- or upper-middle class have children who are still living at home because they cannot afford to get a place to live where they found a good job.

[53:24] Jonathan Reckford: Eddie, any last word from you?

[53:31] Edward Seiler: I think that was summed up really well. You know, just ... if I could speak to my senator, I'd, you know, like to remind him or her that, you know, affordable, available and adequate housing isn't ... is not a privilege; it's a right. You know, we just have to

believe that housing is a right for everybody, and with that mindset, we'd be able to move forward.

[53:59] Jonathan Reckford: Thank you. It's ... I could not agree more. I do think, in some ways, it's that iceberg. People see people experiencing homeless and are really shocked. What they don't see is the huge number of people who are cost burdened and ... or driving two hours or in other ways living in inadequate housing. And I do think our ability to connect housing and health, housing and transportation, housing and climate, all the other issues, and make that case is so important. And you all help make that case so well.

I do think sometimes every ... all ... you know, everyone can understand health and education, but most decision-makers grew up in good housing. I don't think they understand viscerally what it means not to have it, and in some ways, it's because it's gotten bad enough that their own kids don't have access that maybe it's being taken seriously in a different way, but that should be true, as you said so well, Eddie, for every person.

So we hope for those of you watching, you will join in this effort, and not just join, but take action. If you're interested, you can go to habitat.org/costofhome and learn about specific actions you can take at the local level, state level or federal level to be part of trying to move some of these policies forward.

I want to give a huge thanks to our expert panelists. Thank you for your engagement and ideas, and I hope we can continue this conversation over time, but that is our effort today. I hope all of you have been enriched by the conversation as I have, and thank you for being a part of this conversation.