

California's housing shortage is the biggest in the nation, by far

State must build more than half the 7M housing units needed in US

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Nearly half of U.S. states aren't producing enough housing to keep up with growing demand and California is the biggest culprit, according to one measure of production over the last 15 years.

A report by consulting firm ECONorthwest found California is short by 3.4 million units, accounting for more than half the 7.3-million-unit shortage nationwide, the Wall Street Journal reported. Nevada, Arizona, and Massachusetts also have significant shortages.

The research was financed by a group that advocates loosening building code restrictions, which includes some developers who would benefit from those less restrictive laws. The group includes Palo Alto-based Essex Property Trust, Washington-based Holland Property Group, and San Francisco-based affordable housing developer BRIDGE Housing. Some California chambers of commerce are also involved, along with TechNet, a bipartisan lobbying firm whose members include Apple, Google, and Craigslist.

The report compares housing built with drivers of demand, including home prices and population growth. It compares production from 2000 to 2015, with rates since the 1970s, according to the Journal. Some economists said the methodology was imperfect.

Still, there's no doubt about the housing shortage in California — and Los Angeles in particular — where state and local legislators have eased restrictions in recent years to promote development. One of the most dramatic pro-housing laws proposed in the state is under debate in the state Senate. Called SB 827, it would allow dense development near transit stops statewide regardless of local zoning with the goal of greatly increasing supply to lower pricing.

L.A. is considered by some counts the most unaffordable city nationwide for buyers and renters, thanks partly to low supply. Construction costs nationwide increased by 4.2 percent over the course of 2017, according to a study released on Monday by Rider Levett Bucknall. L.A.'s 7.6 percent increase was the highest in the country, followed by San Francisco's 6.2 percent.

In suburban markets, costs are rising because of a shortage of materials, lumber in particular. Costs have also shot up since President Donald Trump announced tariffs on foreign steel. [WSJ] — Dennis Lynch