



**Pennsylvania
Association of
Realtors®**

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**Testimony to the Pennsylvania Senate Majority Policy Committee
Public Hearing on Promoting Housing Affordability Through Land Use Reforms
May 3, 2023**

Chairman Laughlin and members of the Senate Majority Policy Committee, thank you for the opportunity to speak with you today.

I'm Glenn Yoder, chair of the Pennsylvania Association of Realtors® Legislative Committee and a Realtor® with Coldwell Banker in Lancaster. I represent PAR's 40,000 members, who help consumers achieve the American dream of homeownership.

Pennsylvania, along with the rest of the county, is in the midst of a housing crisis that impacts citizens from all walks of life. Housing inventory is at an all-time low. PAR's March housing market report showed just over 33,000 listings, which is down 19% compared to the same period last year and is down nearly 60% over March of 2020. The commonwealth has less than a three-month supply of inventory - a balanced market is usually considered around a six-month supply.

The National Association of Realtors® Chief Economist Dr. Lawrence Yun has reported that the industry has underbuilt homes over the past decade, leading to a shortage of more than 5 million homes.

This inventory shortage has kept the median home price up, causing further barriers to those wanting to buy a home for the first time. In March, the median home sales price in Pennsylvania was just over \$200,000.

I see firsthand the challenges consumers have entering and re-entering the real estate market today. The lack of homes on the market and higher priced inventory are just two barriers. Higher mortgage rates over the past year have also closed the door on homeownership opportunities for many. Some buyers who qualify for FHA or VA financing find that their offers on properties aren't as competitive as those buyers who make all-cash offers on a home.

First-time homebuyers in particular face a number of challenges in today's market. For some of these first-time homebuyers, saving enough for a down payment may be an obstacle. Higher prices and student debt restrict young potential buyers from being able to save enough for a down payment. We're thankful that the Senate Urban Affairs Committee recently advanced Senate Bill 295 sponsored by Sen. Rosemary Brown, which would create a first-time homebuyer savings account program in Pennsylvania to help first-time homebuyers address some of these issues. However, this is just one of the many components necessary to address our housing inventory and affordability crisis.

I work with new home construction and the costs for preparing and permitting a site to build often run between \$75,000 to \$100,000. With base prices up to \$100,000 and the costs of materials and labor at a record high, builders are essentially forced to build more expensive properties to recoup their costs. These increased costs are sometimes coupled with restrictive zoning ordinances limiting housing options, which further complicates the new home construction process and strains affordability.

Pennsylvania Realtors® see all of these challenges firsthand and empathize with our clients as they struggle with finding housing that's affordable and attainable for them. Our organization is committed to helping find a solution and have included this in our Strategic Plan, the plan that sets the directive for the organization moving forward.

The lack of affordable, attainable housing isn't a Democrat or Republican issue. It's not just about young people or older Pennsylvanians. PAR's membership is diverse as our communities and our members are seeing these housing challenges in our largest cities to our rural communities.

Realtors® are strong community builders. We're strong supporters of fair and equal housing for everyone. And we're helping our clients navigate these challenging issues - the lack of inventory is critical and the problems continue to grow.

We'd like to encourage bold ideas like removing some restrictions on accessory dwellings that many municipalities have. This provides several solutions, allowing older people to remain in their homes and generating income for them, while creating more housing. We're seeing more states look at this as an opportunity to provide more housing options.

We also would encourage the commonwealth to look at opportunities for zoning changes and ways to reduce the regulatory costs for building new homes. By making it simpler to bring new inventory onto the market, we can help ease the housing shortage and provide opportunities for more affordable homes. The commonwealth can encourage municipalities to be innovative in their approaches in their communities to help address the housing needs of all Pennsylvanians.

Restrictive zoning ordinances not only drive up costs, but they also may further marginalize communities and they ignore the desires and trends among consumers. It fundamentally illustrates that we cannot continue to think of these issues in a traditional way and solving them will require a unified effort from all groups and parties.

I am encouraged to see some newer bipartisan lawmakers in the House have already started these conversations and are trying to think differently about these issues. Forward thinking conversations like these will be invaluable to address this crisis.

The National Association of Realtors® also has been advocating for several ideas to help with the affordable housing and supply issues including:

- Incentivizing more owners to sell their homes with an update to the Capital Gains tax exclusion.
- Attracting private investment in rehabbing owner-occupied homes.
- Incentivizing the conversion of unused commercial buildings to residential and mixed use.
- Creating incentives for housing provider participation in HUD's Housing Choice Voucher Program.

Regarding incentivizing owners to sell their homes, Congressman Mike Kelly from Pennsylvania has already cosponsored the More Homes on the Market Act to help this issue and our national association strongly supports this legislation.

Clearly this is a problem that didn't occur overnight and a solution won't happen overnight. With so many issues contributing to housing challenges, we recognize that there isn't a singular solution, because there are multiple causes which all play a part in the current housing crisis. The answer is going to require many organizations to collaborate, be innovative and forward thinking. PAR is committed to working with the General Assembly and all entities to find this comprehensive solution and to help improve the housing market for future generations.