



**Pennsylvania
Association of
Realtors®**

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**Testimony to the Pennsylvania House of Representatives Urban Affairs Committee
Public Hearing on Housing Affordability
Sept. 21, 2022**

Good morning, Chairwoman Brown and members of the House Urban Affairs Committee. Thank you for the opportunity to speak today.

I'm Will Clauss, chair of the Legislative Committee for the Pennsylvania Association of Realtors® and a Realtor® with Davis R. Chant, Inc. in Hawley, Pennsylvania. I represent PAR's 40,000 members, who help people achieve the American dream of homeownership. Although, as you can imagine, that has been a bit more challenging for our members and consumers in the past several years.

Having a place to call home is not simply a dream, but an essential part of our lives. A home provides necessary shelter and research shows that the benefits of owning a home go beyond. For example, reports by the Federal Reserve indicate that the net worth of a homeowner is more than 40 times greater than that of a renter.

Throughout Pennsylvania, our members are continuing to see a strong demand for housing. However, the housing inventory level is an ongoing issue, along with rising home prices. A number of factors created this challenging market. The number of listings has gone up slightly over the past six months, however, inventory remains down about 23% compared to last year and is about 20,000 less than 2020.

We've seen similar spikes in home prices. The median home sales price in Pennsylvania hit just over \$219,000 in July, which is up about 10% from the same time last year - and it's gone up about \$28,000 - just since January.

It is woefully clear that we have underbuilt homes over the past decade and researchers report the entire country has a shortage of about 5 million homes. Inventory is at a critical level and we can't let red tape further strangle developers' ability to build homes. Restrictive zoning laws and ordinances have raised the cost of developing land and building new homes. Supply chain issues and rising costs overall have actually disincentivized the development of workforce housing.

The baby boomer generation is staying in their homes longer - whether by choice or by circumstances forcing them to. Millennials between the ages of 28 and 33 are hitting their peak household formation age, yet are crippled with college debt making it difficult to purchase a home.

It's also important to recognize the racial divide in homeownership in many areas, including Pennsylvania communities. Nationwide, the white homeownership rate is 72%, compared to the Black homeownership rate of 43%. That's a lower homeownership rate for Black Americans than when the Fair Housing Act was passed more than 50 years ago. Homeownership rates for Asian and Hispanic Americans lag as well, at 61% and 51% respectively. We must understand the unique challenges that minority homebuyers face. Our organizations have started taking an active role in combatting these racial homeownership gaps.

We've faced a global pandemic, along with a changing work environment, both of which have caused an increase in mobility trends. These trends have put unique stressors on housing markets in different areas - including many rural Pennsylvania communities. And, overall purchasing power gets lower each time interest rates rise.

Pennsylvania Realtors® see all of these challenges first hand and empathize with our clients as they struggle with finding housing that's affordable for them. Our organization is committed to helping find a solution and have included this in our Strategic Plan, which 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. Across our great commonwealth, PAR's membership is as 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.

With so many issues contributing to the housing challenges, we recognize that there isn't a singular solution. Solutions are going to require many organizations to collaborate, be innovative and forward thinking. Our members look forward to working with all entities to help improve the housing market for future generations.