



The Daily Dish

Not Solving the Affordable Housing Crisis...at Great Expense

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Affordable housing has emerged as a sleeper issue of this election season. Thus far, Vice President Harris has addressed the issue in the most detail, but her platform is largely a Biden Administration redux, with a heavy dose of demand subsidies that will only exacerbate the problem. Somewhat in contrast, Representative Alexandria Ocasio-Cortez and Senator Tina Smith have introduced the HOMES Act of 2024.

According to [Bloomberg](#), the bill would “enable the federal government to acquire real estate for permanently affordable housing, develop new subsidized homes and apartments, and finance deeply affordable projects for rent or purchase.” Of course, this comes with a price tag: \$30 billion in appropriations and another \$30 billion for loan guarantees each year – \$600 billion over the next 10 years.

What would this government spending produce? “Under the terms of the legislation, a new agency under HUD would provide upfront grants and low-cost loans. Projects across its portfolio would be required to set aside 40% of their units for extremely low-income households and 30% of units for low-income households.”

So, how does this address affordability? Does it change the cost of construction in any way? No. Does it provide cheaper financing for construction or purchase? No, except for the obvious ability to plow taxpayer dollars into the mix. There are no new capabilities – just the ability to crowd out the private sector using these subsidies. There is, however, the hint of one new capability. [Housing Wire reports](#): “It would also give local communities more power to finance real estate acquisitions or convey property to existing public housing authorities or ‘mission-driven nonprofits, tenant- or resident-owned cooperatives, state or local governments, and community land trusts.’”

In other words, the bill allows the favored constituencies to overrun local zoning and land-use restrictions. The remainder is just window dressing. Yes, that would have an impact, but it is precisely those restrictions that lie at the heart of the affordability issue and will lie at the heart of the failure of this bill.

Oh, and putting that aside, at this great expense the authors of the bill indicate that it will create 1.25 million units over the next 10 years (at an average cost of a pricey \$480,000 each). Let’s see. There are 131.4 million households in the United States, so another 125,000 units each year would give less than 0.1 percent of households a home.

That’s the definition of not solving a problem at great expense.