

## **Opening remarks for YIMBY Caucus briefing, April 8 2025**

Representatives Garcia and Zinke, Members of the YIMBY Caucus, thank you for inviting me to speak with you today.

My name is Jenny Schuetz. I am the Vice President for Infrastructure, Housing at Arnold Ventures. These comments are my own and do not necessarily represent the position of Arnold Ventures.

My remarks will address some of the underlying causes of the housing supply shortage and highlight opportunities for federal engagement.

### **The U.S. is experiencing a persistent and widespread housing shortage.**

Over the past several decades, housing supply has become less responsive to changes in demand. Growth in population and jobs has not led to proportional growth in the number of homes, while prices and rents have increased faster than household incomes.

Researchers estimate a shortage of nearly 4 million homes for the country overall. Regions with strong labor markets—such as California and Greater Boston—have built too little housing for more than 30 years. The increasing prevalence of remote work has exacerbated housing shortages in previously affordable regions, including Columbus, Ohio; Nashville, Tenn.; and Salt Lake City.

Several economic factors have contributed to tight housing supply. Following the Great Financial Crisis, the [construction workforce](#) declined substantially, and labor shortages continue to be a problem. Rising interest rates in the past several years have increased construction costs for homebuilders, reduced turnover among existing homeowners, and made it more difficult for first-time homebuyers to purchase a home. The growth of remote and hybrid work has [increased the demand](#) for space, especially among high-income workers. The construction industry has seen declining productivity growth over the past several decades—an outlier among industries in the U.S. economy.

### **Regulatory changes by state and local governments are essential to increase housing supply and improve affordability.**

Local governments should relax overly strict regulations, making it faster and easier to build homes of all shapes and sizes. More than [three-quarters](#) of all land in U.S. cities and suburbs is reserved exclusively for single-family detached homes—the most expensive type of home to rent or buy. Revising zoning laws to allow diverse housing types, such as accessory dwelling units (ADUs), townhouses, duplexes, and apartments, would [expand](#)

[housing capacity](#) and [improve affordability](#). Complementary policy changes include reducing [minimum lot sizes](#), increasing building height limits, and reducing off-street [parking requirements](#).

Equally important to changing zoning rules on paper, states and localities must make the development process shorter, simpler, and more transparent. Many communities impose [complex development processes](#)—such as requiring multiple public hearings or lengthy environmental reviews—that make new housing more expensive. Streamlining the development process would reduce the “[soft costs](#)” of construction, which can amount to 20-30% of total development costs.

### **The federal government can support increased housing production through three policy levers.**

First, develop a data-driven framework for federal carrots and sticks to encourage local policy reforms. Making federal housing or transportation funds contingent on adopting flexible zoning could incentivize more housing. In practice, **how** incentives are designed is important. Federal carrots or sticks should use objective standards to distinguish between places with high demand for housing that don’t build because of tight regulations versus places with weak housing markets.

Congress should establish an independent, non-partisan commission of researchers and industry experts to explore different approaches. Creating a time-limited pilot program focusing on a few regions would allow Congress to test the effectiveness of its preferred approach and tweak the design as needed, before creating a large-scale permanent program.

Second, make it easier to redevelop federally owned land. My colleague Adam Milsap will address the potential for development on land owned by the Bureau of Land Management. Excluding BLM’s portfolio, there is also potential for redevelopment of US Postal Service facilities, Amtrak stations, and federal office buildings. USPS bulk mail distribution centers often represent underutilized, expensive land near city centers that could be swapped for suburban sites near highways. Congress and executive agencies should develop a more transparent, streamlined process for disposition or joint development of properties that are suitable for housing.

Third, work with private industry to coordinate R&D on innovative construction materials and techniques. Private sector firms—from architects and engineers to homebuilders and

lenders—recognize the need to modernize and adopt new technologies. The federal government should support research and disseminate knowledge about effective innovations.

**In conclusion,** housing affordability has become increasingly urgent for many Americans over the past decade due to both market factors and excessively strict regulations. The federal government can better support and encourage the efforts of state and local partners and the real estate industry through strategically targeted efforts.

Thank you again for the opportunity to talk with you today on this important issue. I look forward to answering your questions.