



California Needs More Homes

By George Runner

Just one decade ago California's housing market crashed, resulting in mass foreclosures and dramatic declines in home values. Today, we face a very different problem—a severe housing shortage.

There just aren't enough homes. Supply is low, demand is high and home prices continue to rise. In fact, home prices in California are so high that middle and lower income families are being priced out of home ownership.

The average California home price of \$450,000 is twice the national average.

In order to meet the demand for housing and to make homes more affordable, California developers would have to build millions of new homes—a million in Los Angeles alone—just to keep up. And it'll be hard to keep up if California's ultra-strict environmental regulations continue to get in the way.

Right now, there's little incentive for builders to build homes, since excessive regulation has made it very expensive. To build a home, one must navigate a labyrinth of bureaucracy and follow a layer cake of rules. Builders are forced to price their homes higher, which then reduces the number of buyers who are able to afford the finished product.

There are even reports of doctors earning \$250,000 a year, [struggling to find homes](#) in the Bay Area. That doesn't bode well for Californians who earn less.

Those who have already purchased a home are in a good shape. Home prices will likely continue to see incremental gains. But my guess is you have friends and family who would like to own a home someday. If they've yet to purchase a home or are looking to rent, they may find themselves priced out of the market.

Liberal state lawmakers attempting to address the issue have only come with temporary solutions to the "affordability problem." So far, what's been suggested is for the state to heavily subsidize a few low-income housing programs. These policies are out of touch with reality. They limit housing choices, stifle opportunities and are a waste of taxpayer money.

The real solution is to remove unreasonable restrictions on building homes, while keeping in mind lessons learned from past housing crises. California burdens home builders by placing roadblocks in the form of stifling environmental regulation. But the Legislature had no problem skirting the California Environmental Quality Act to [move forward with a stadium complex](#) in Los Angeles back in 2009. Right now people need homes more than they need a new place to watch a football game.

And if the environment is really a priority, lawmakers should review [a report from the nonpartisan Legislative Analyst's Office](#) on the high cost of housing. The study found that Californians who live near the coast are often forced to commute 10 percent further due to their inability to afford a place to live in a city such as San Francisco.

That's a lot of extra carbon coming from a lot of extra cars on the road.

California's affordable housing woes are just another example of the government being involved where it doesn't belong, and absent where it's actually needed. If the state doesn't ease restrictions on builders to increase the housing supply, or create a plan that involves more than subsidized low-income developments, then rents and home prices will only continue to increase.

And that's bad for all Californians.

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