

Modeling Regional Impacts of Affordable Housing

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Regional Economic Models, Inc.

Agenda



About REMI

Overview of the Housing Crisis

Causes

Consequences

Modeling Potential Solutions

Examining Results

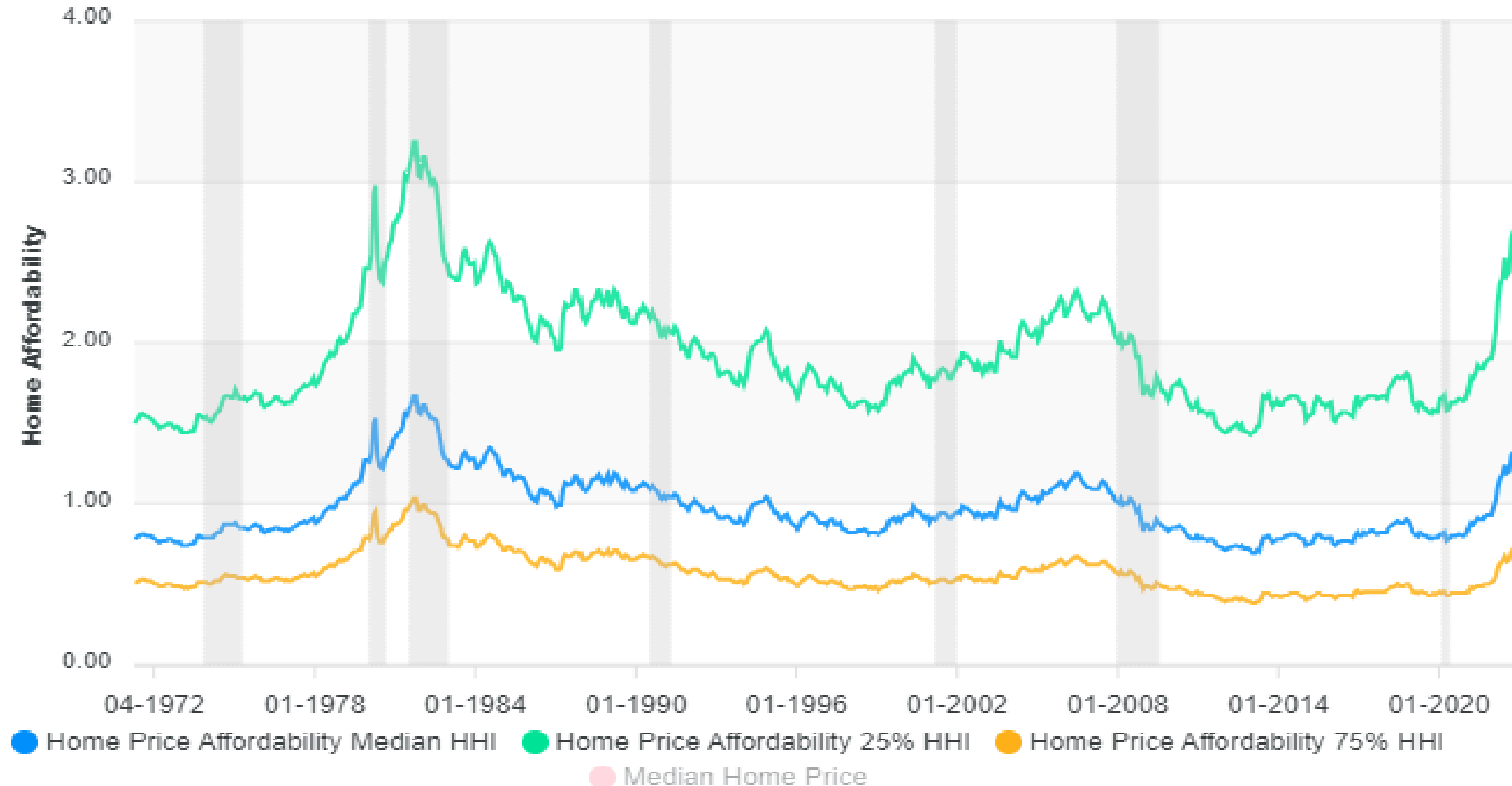
Q&A

*what does **REMI** say?sm*

Erratic Behavior of Home Affordability Index



Home Price Affordability in the United States (DQYDJ)



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Housing Crisis in the US

Causes



An Ongoing Issue

There has been a constant housing shortage for the last century which was only made worse through the pandemic.



Zoning of Land

Due to restrictive zoning regulations, the density and type of homes that can be built on specific land is limited.



Higher Consumer Standards

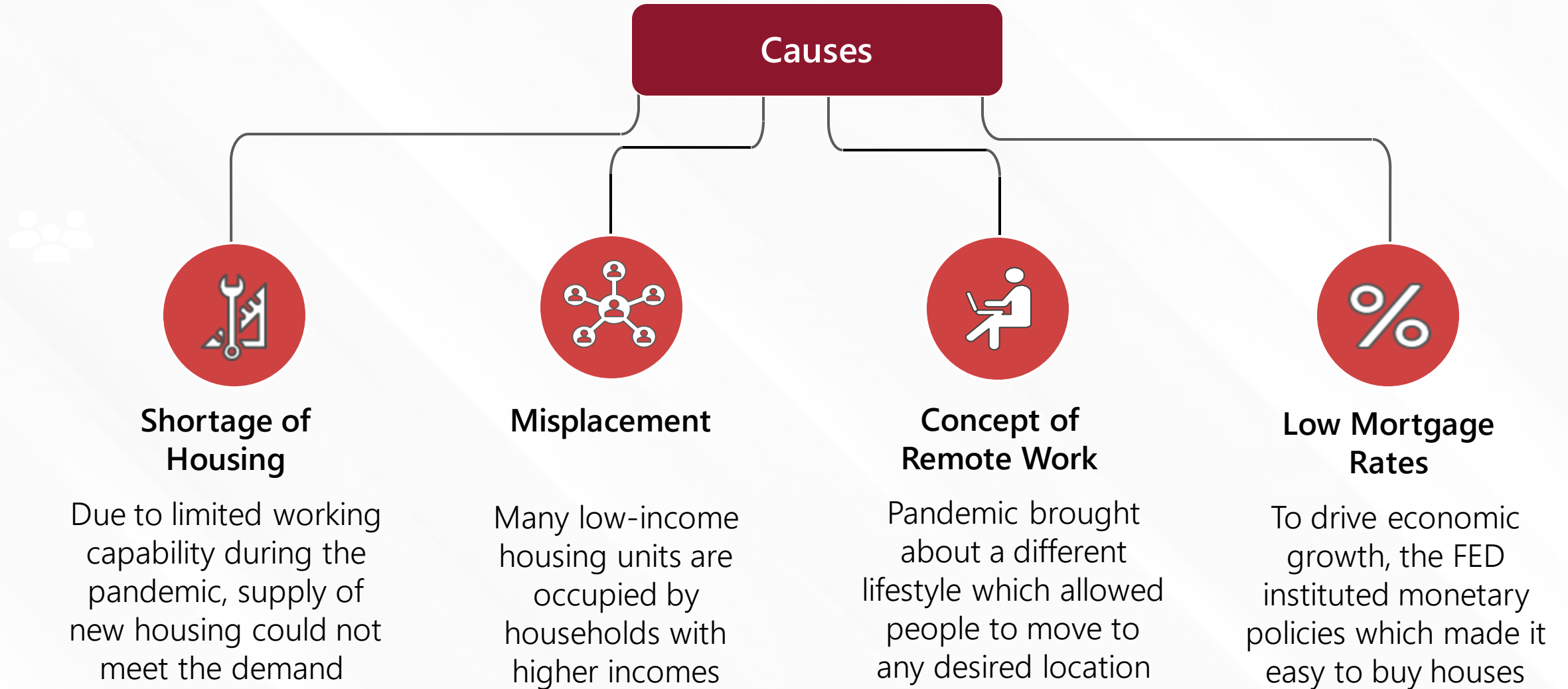
Consumers are demanding larger homes, with better amenities, which required higher input costs.



Population Increase

As the population has been increasing every year, more resources are required to meet the demand

Exacerbating Factors



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Decreased Consumer Spending

- 70% of low-income families spend more than half their income on rent
- Less available income to be spent on goods and services which would drive economic growth

Rapid Population Changes

- Many departed high-cost regions for more affordable ones
- Puts a strain on the infrastructure of "underdeveloped regions"
- Economies of older neighborhoods start to decline

Increased Homelessness

- 580,000+ people are experiencing homelessness on any given night
- Causes mental issues to the individual eventually leading to more drastic issues

How can policy mitigate these consequences?

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Potential Policy Changes



Objective

Strategy

Impact

**Build,
Baby,
Build**

Relax Zoning
Modify residential zoning so that more homes can be built on a piece of land

Increase Housing Supply
Build on expanded zones, supply of housing increases, also creates construction jobs

Avg. Price drops
As the supply of homes increases, the average price decreases

Robinhood

Progressive Tax
Institute progressive income tax, which could help subsidize rental prices

Allocate revenue
Decrease the disposable income of those who do not need affordable housing and use that revenue to assist with housing development

Decrease Disposable Income
Less money to spend on housing will drive down prices

Transportation

Make it Easier for People to Move
Increase public transportation options from lower income areas to areas with high paying job opportunities

Increase Transportation Options
Allows for more people to access higher paying jobs

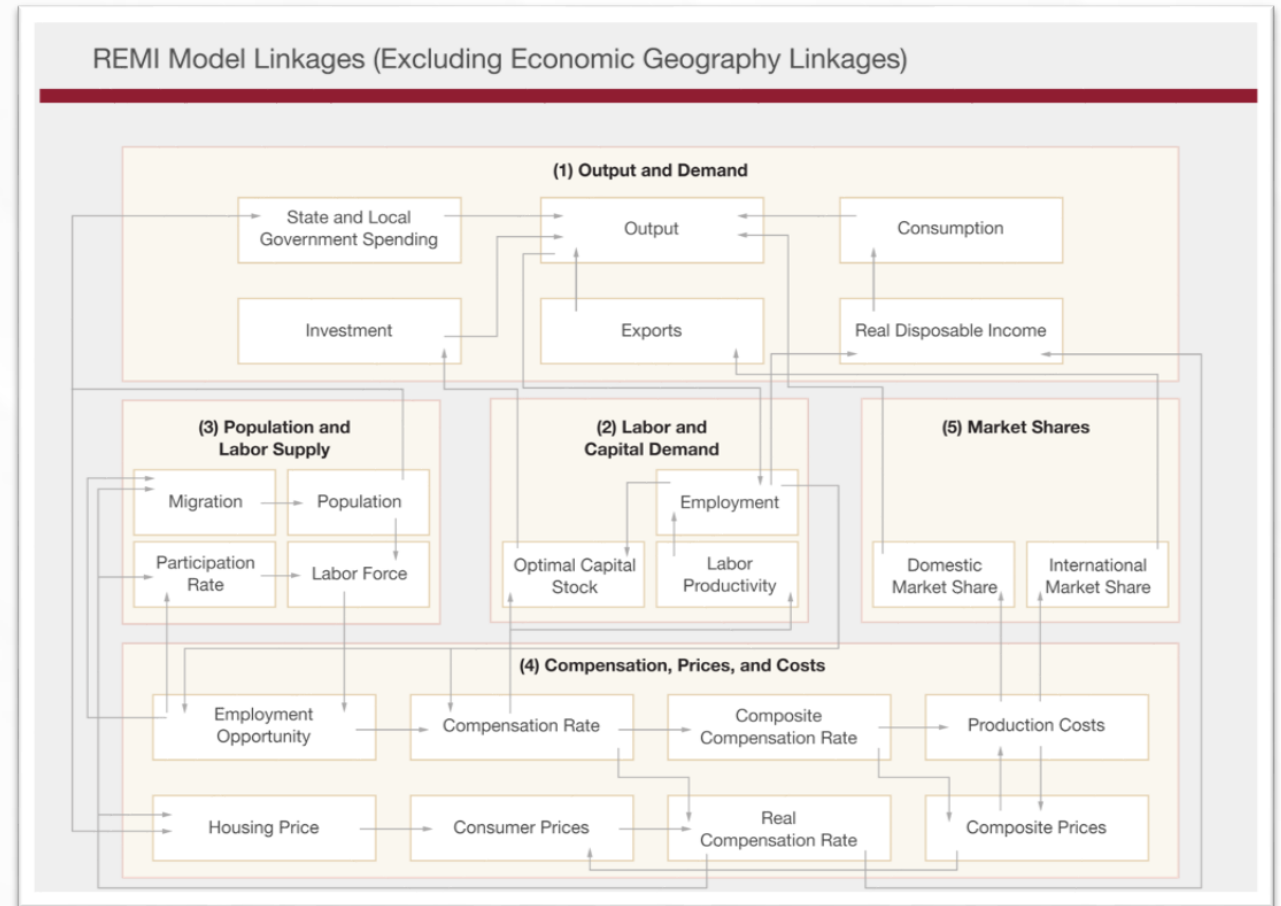
Allow Access to Better Jobs
Allows people from lower income areas to earn better wages and grow their personal wealth

Model Simulation: REMI PI⁺



PI⁺ is the premier software solution for conducting dynamic macroeconomic impact analysis of public policy.

As our flagship model, PI⁺ specializes in generating realistic year-by-year estimates of the total local, state, and national effects of any specific policy initiative.



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Thank you for attending!

For more information, please contact
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