

WRITTEN TESTIMONY
Submitted to the
Pennsylvania House Republican Policy Committee
Regarding the Housing Shortage and Affordability Crisis

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Chairman Rowe, Representative Olsommer, and Members of the Committee:

Thank you for the opportunity to submit testimony on the challenges Pennsylvania consumers face as they try to purchase a home. My name is Will Clauss. I am an associate broker with Davis R. Chant Realtors in Hawley, and I previously served as Chair of the Pennsylvania Association of Realtors Legislative Committee. I have worked with members of this body in the past to bring positive change to homeowners and homebuyers, and I am grateful for the opportunity to do so again today.

Real estate plays a vital role in Pennsylvania's economy. The industry contributes more than \$177 billion to our gross state product, and each typical home sale generates approximately \$91,000 in local economic impact, to say nothing of the broader benefits of homeownership for the families themselves. Despite this significance, for an increasing number of Pennsylvanians, homeownership feels further out of reach than ever before. The reason can be summarized in a single word: inventory.

The Inventory Shortage

Pennsylvania currently faces an estimated housing stock shortage of 98,000 to 137,000 units. In my own market, the Pike/Wayne Association of Realtors Multiple Listing Service is currently showing only 667 residential listings across Wayne and Pike Counties. While this

represents a 22 percent increase over the same period last year, it remains dramatically below the levels we saw a decade ago, when the same MLS regularly carried more than 2,400 active listings.

Some pockets of our market are experiencing even more acute shortages, particularly resort destinations such as Lake Wallenpaupack and the full-amenity communities that surround it, including Masthope, Fawn Lake, Hemlock Farms, and The Hideout. Across the region, inventory is running at approximately three months of supply. A healthy real estate market generally maintains six months of supply.

The Effect on Price and Affordability

This shortage of supply directly drives price. Pennsylvania's statewide median sales price is now \$300,000. In Pike and Wayne Counties, the median is \$312,000. Both figures are up approximately 5.5 percent over the previous year. To place these numbers in perspective, our area's median sales price in 2016 was just \$128,000. That represents a 144 percent increase in only ten years.

The picture is more troubling when examined by price segment. The entry-level market is hollowing out while the upper end continues to grow. Sales of homes under \$250,000 have declined from 85 percent of our market to just 29 percent over the past decade. Listings under \$300,000 are sitting at only 3.4 months of inventory, well below what would constitute a healthy market. The shortage is most severe precisely where first-time buyers, working families, and fixed-income retirees most need access.

Until we address the supply side of this equation, we cannot meaningfully address affordability.

The Cost of Building New Housing

Builders in our region report that simply preparing and permitting a buildable site routinely costs between \$75,000 and \$100,000 before any foundation is poured. Combined with record-high material and labor costs, the economics of new construction effectively require builders to produce higher-priced homes simply to recoup their costs. These pressures are frequently compounded by overly restrictive municipal zoning ordinances and mandates for unnecessary features, both of which further constrain housing options and add cost without meaningful public benefit.

In our lake communities, we also routinely see local buyers competing against cash offers from out-of-state purchasers. Those buyers are not the problem; they are a feature of a desirable region. However, this dynamic means that Pennsylvania wage-earners need every reasonable tool the Commonwealth can provide to remain competitive in their own communities.

Three Specific Recommendations

I would respectfully ask this Committee to consider the following three actions.

- 1. A state-level review of municipal zoning ordinances** that disproportionately restrict starter-home and missing-middle housing construction, including duplexes, townhomes, and accessory dwelling units. The Commonwealth has both the standing and the responsibility to encourage municipalities to identify and remove zoning provisions that significantly impede housing development.
- 2. Statutory permitting timelines at the Department of Environmental Protection**, so that builders, developers, and investors have predictability in the permitting process. A builder needs to know whether they are facing a 60-day decision or a 600-day one. Uncertainty alone drives up cost and discourages new investment.
- 3. Incentives for adaptive reuse** of vacant commercial and institutional buildings, particularly within the small-town main streets of rural and exurban Pennsylvania where infrastructure already exists. Converting underutilized buildings into housing is one of the most cost-effective ways to add units without expanding the development footprint.

Closing

Addressing this crisis will require a sustained, bipartisan commitment to treating it as the crisis it is. All Pennsylvanians, not merely one community or one segment of the buying public, are affected by current conditions. I urge the Committee to remain cautious of proposals that reduce this conversation to demonizing developers, builders, or housing providers, or that present ideas such as rent control as silver-bullet solutions. The problem is far larger than any single intervention can solve. It requires a meaningful change in policy direction.

Maintaining a clear focus on the root cause, working in close partnership with industry stakeholders, and pursuing substantive policy reforms are the steps that will move Pennsylvania

toward genuine affordability. I welcome the opportunity to continue working with the Republican Caucus and with the entire General Assembly to that end.

Thank you for your time and for your consideration of these remarks.

Respectfully submitted,

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