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# How to Address the Affordable Housing Crisis

Real estate professionals seek public action to combat persistent housing shortages.

By **Brian A. Lee** (/author/profile/Brian-A.-Lee/) | March 26, 2024 at 03:45 AM

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A growing number of Americans are experiencing the impact of insufficient affordable housing options. The US housing shortage totaled approximately 3.2 million units at year’s end, and the average rent-to-income ratio has increased eight points to 36% from 1985 to 2021. **Ralph Amicucci, Esq., CPM**, an IREM (Institute of Real Estate Management) instructor and owner of Amicucci Associates, PC, says that there are many proposed solutions – both good and bad – but the housing crisis won’t be resolved overnight.

“We can’t just snap our fingers and develop homes, but there are steps we can take that will help address the very slim and restrictive availability of affordable housing,” says Amicucci, who **recently testified** (<https://www.irem.org/learning/publications-news/blog/irem-blogs/2024/02/navigating-the-affordable-housing-crisis-with-strategies-for-inclusive-communities>) on the matter on behalf of IREM before the US House Committee on Financial Services.

## Zoning and Rent Control

Relaxed zoning would help spur more housing development, especially in the low- to middle-income housing sectors. The high-density development found in the Northeast is a good model for other municipalities to emulate.

While it may seem like a good idea, rent control is not a good blueprint to follow, asserts Amicucci. While designed to boost housing affordability, it actually inhibits new supply — developers and investors are disincentivized from putting their time, effort and capital into the market — and hinders property upgrades. Restricted cashflow leads to other ill effects, most notably reduced property values and thus tax revenues.

“That’s one of the big issues in New York State: there’s no incentive for anybody to build anything,” Amicucci adds.

### **Where Vouchers, Conversions, and Interest Rates Meet**

Increasing Section 8 housing is a direct way to boost affordable housing. While some owners don’t want to deal with the established rental housing assistance program, there is an added benefit. Landlords of Section 8 tenants can rely on the mandatory at least once-a-year inspection to ensure property conditions are maintained, thus protecting future cash flow and property value. Amicucci also notes these inspections ensure the housing is safe, clean, and comfortable for the tenant.

Congress is taking welcome action to address the affordable housing crisis. Bills in both the House and Senate would relax some of the requirements for Section 8 vouchers while increasing their number. Also, housing assistance funds would be mandated to flow to the owners rather than tenants to ensure proper rent relief allocation.

Given the big difference between housing and office demand, there’s been a lot of talk about conversions of office space into residential offerings. Amicucci calls it “a very difficult endeavor” that requires surmounting both financial and engineering hurdles, as well as a lot of coordination between the public and private sectors, especially with zoning, which would need to be relaxed to accommodate residential construction.

Reversing the caps on mortgage interest deductions from the Tax Cuts and Jobs Act could incentivize more people to move, adding inventory and potentially allowing more people to buy real estate. The deduction limit in the 2017 tax reform law particularly hits those living in expensive housing markets along the coasts, while generally favoring current owners over future buyers. The overall impact is a further constraint on the supply of homes.

Speaking of constraints, Amicucci points out that a large amount of older homeowners who might normally be looking to downsize are staying put due to low interest rates locked in before the Fed’s 2022 moves. That has reduced inventory and added to the supply-demand imbalance, pushing home prices upward even more. “Hopefully, we can get interest rates back down soon so people have an impetus to move, which would free up more supply in the market so others can begin to buy homes,” he says.

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