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Record Home Prices and Growing Homeownership Equity Gap Create Urgent Need for New Housing Production

SACRAMENTO – As home prices in California continue to set record highs, and only one in four Californians able to afford to buy the median-priced home, a coalition of REALTORS®, homebuilders and affordable home producers have joined together to urge the state to invest in new housing supply to address severe disparities in homeownership and reverse decades of exclusionary housing policies.

“California desperately needs more housing to meet the needs of diverse middle-class and low-income Californians,” Dave Walsh, President of the California Association of REALTORS® (C.A.R.), said at a virtual press conference. “With a historic budget surplus, now is the time to address the racial divide in homeownership and fix California’s severe housing shortage.”

C.A.R., the California Building Industry Association (CBIA) and Habitat for Humanity California are urging the Legislature to make additional investments in this year’s state budget that encourage new housing for homeownership. The group called for these investments as California’s median home price surged to a record \$813,980 in April and housing production stalled for the second straight year in 2020.

“This is about more than just housing; it’s about equity and access to homeownership for all Californians,” said Maureen Sedonaen, Chair of the Board of Directors for Habitat for Humanity California. “More than 80 percent of the families we serve through affordable homeownership at Habitat for Humanity are from communities of color. By making smart investments that pave the way for the planning and construction of new homes, we can put homeownership in reach for those who have been historically priced out of the market and for a whole new generation of Californians.”

Homeownership is key to building generational wealth and helps to stabilize communities. But homeownership rates are at their lowest in California since the 1940s, and there’s significant disparity in homeownership. Black and Latinx Americans are twice as likely to rent as white Americans.

“To achieve the housing we need, our state must make the investment in creating housing opportunities for working Californians to access all forms of stable homeownership,” said Michael Gunning, Senior Vice President of Legislative Affairs for CBIA. “To close the racial homeownership divide, we must address segregation caused by explicit historic government policies at the local, state, and federal level. It is time for California to lead through action in Sacramento to address these painful truths about past housing policies and create a new housing future that works for everyone. That can start with the budget investments we’re calling for today.”

Of the \$9.3 billion allocated to housing in Governor Newsom’s proposed May Revise budget, only \$725 million, or less than 8 percent, goes toward expanding homeownership opportunities with programs such as down payment assistance.

The current budget investments do nothing to address the housing shortage or bring down costs, leaving low- and moderate-income residents without any options in their price range. Investments must also be made to construct new owner-occupied units accessible for all income levels. The group called for additional critical budget investments to include:

- **Approving matching grants and tax credits to complement those proposed by Biden’s Administration.** These grants will help local governments plan and implement housing programs, while providing tax credits to developers constructing affordable units. California must not limit its tax credit programs to rental housing and must assure we equally encourage the construction of owner-occupied units.
- **Funding a tax credit for working families who are first-time, low- and moderate-income homebuyers.**
- **Creating parity in state funding programs to assure that the construction of homeownership housing is given equal consideration.** We cannot focus all of our resources on the development of rental housing if we are going to help working Californians, including those from traditionally financially disadvantaged communities, buy homes and close the wealth gap.

“This is about the future of our state. This is about keeping more Californians from being cost-burdened and falling into homelessness,” Walsh said. “It’s about creating true housing equity for all Californians. Let’s come together to prioritize more ownership housing — it’s the right thing to do to ensure the American dream of homeownership doesn’t slip away for Californians who call the Golden State home.”

About the California Association of REALTORS®

Leading the way...® in California real estate for more than 110 years, the CALIFORNIA ASSOCIATION OF REALTORS® (www.car.org) is one of the largest state trade organizations in the United States with more than 200,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

About Habitat for Humanity California

Habitat for Humanity California is a statewide coalition of independent Habitat affiliates that serve communities across California. Habitat affiliates bring people together to build homes, communities, and hope. Habitat California advocates for affordable housing with specific focus on homeownership opportunities for families with limited incomes.

About California Building Industry Association

The California Building Industry Association is a statewide trade association based in Sacramento representing thousands of member companies including homebuilders, trade contractors, architects, engineers, designers, suppliers and industry professionals in the homebuilding, multi-family and mixed-use development markets.

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