

# Housing Availability and Affordability in the Washington Area

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# Housing Shortage in the Washington Area, 1990 – 2010

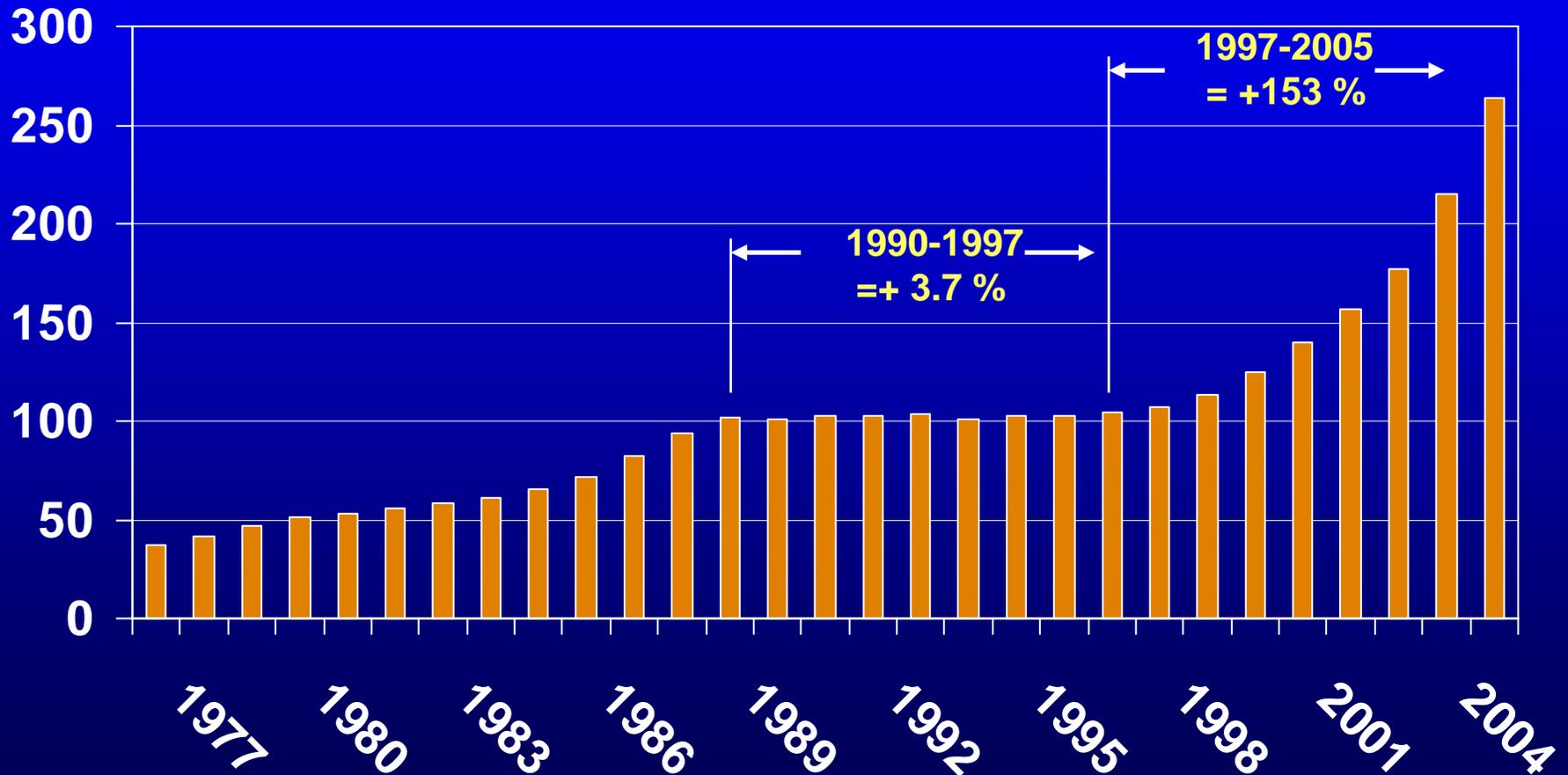
(thousands)

|                            | <b>Jobs</b>    | <b>Housing Requirement</b> | <b>Housing Supply</b> | <b>Housing Shortage</b> |
|----------------------------|----------------|----------------------------|-----------------------|-------------------------|
| <b>1990 Base</b>           | <b>2,940.6</b> | <b>1,960.4</b>             | <b>1,541.1</b>        | <b>419.3</b>            |
| <b>1990 - 1995</b>         | <b>65.2</b>    | <b>43.5</b>                | <b>118.6</b>          | <b>-75.1</b>            |
| <b>1995 – 2000</b>         | <b>401.0</b>   | <b>267.3</b>               | <b>153.3</b>          | <b>114.0</b>            |
| <b>2000 – 2005</b>         | <b>318.6</b>   | <b>212.4</b>               | <b>163.6</b>          | <b>48.8</b>             |
| <b>2005 – 2010</b>         | <b>568.7</b>   | <b>379.1</b>               | <b>171.9</b>          | <b>207.2</b>            |
| <b>Total<br/>1990-2010</b> | <b>1,353.5</b> | <b>902.3</b>               | <b>607.4</b>          | <b>294.9</b>            |
| <b>Annual<br/>Average</b>  | <b>67.7</b>    | <b>45.1</b>                | <b>30.4</b>           | <b>14.7</b>             |

**Accumulated Housing Shortage in 2010 = 714.2**

# Housing Price Index Washington PMSA 4th Quarter Each Year

1995  
Q1=100



Source: Federal Office of Housing Enterprise Oversight, GMU Center for Regional Analysis

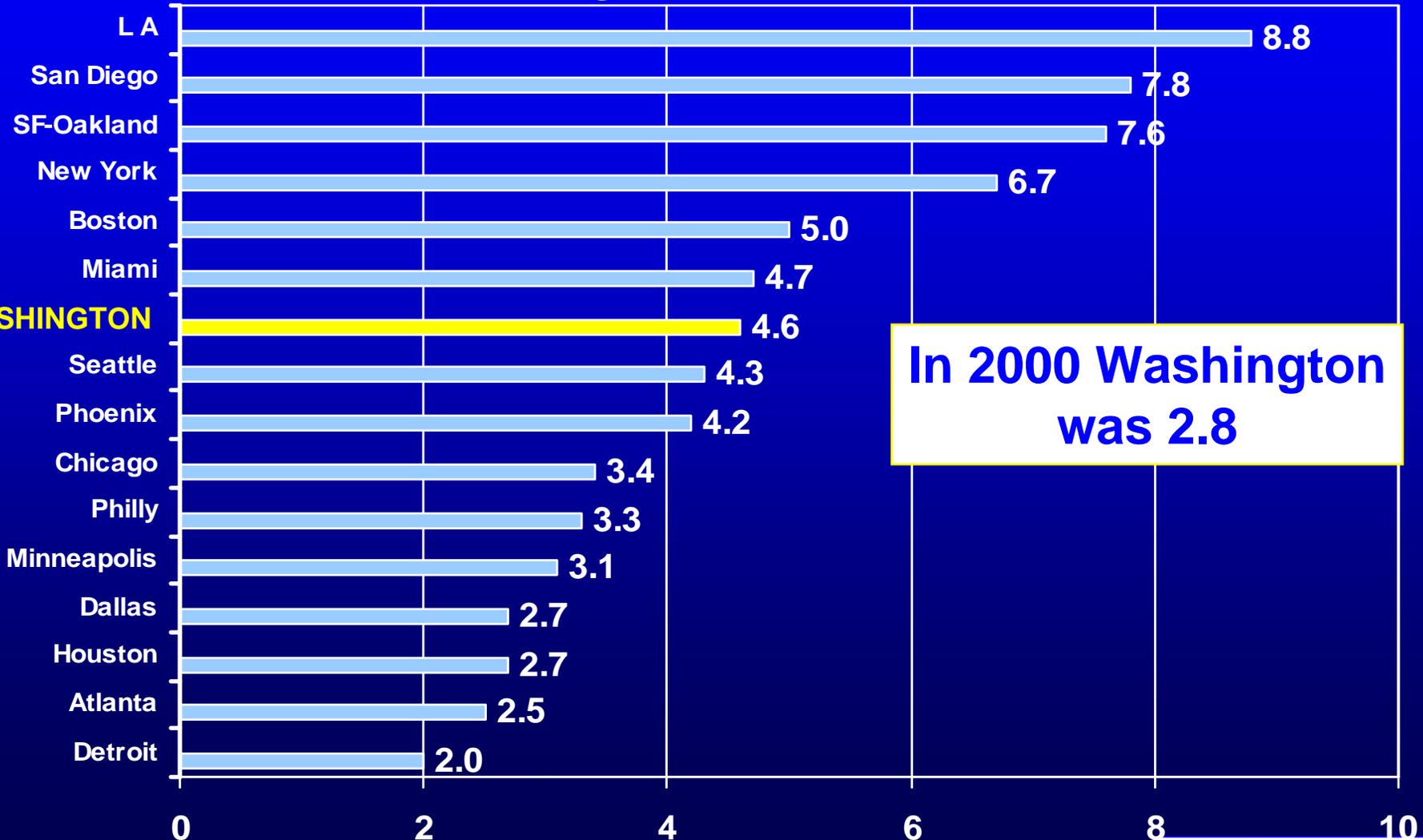
# Household Income and Housing Price Divergence, 1995 - 2005



Long term compound interest rate increases, in current \$: **Income = 5.4%** , **Housing = 7.0%**

# Metro Comparisons

## Ratio of Median Value of New Housing to Median Family Income – Q3 2005



# THE HOUSING CHALLENGE

- **Job Growth exceeds housing production**
- **Housing supply shortages are caused by local public policies**
- **Accumulating demand pressure generates housing price increases**
- **High demand, insufficient supply, and high prices contribute to housing affordability crisis**
- **Labor shortages and resultant wage inflation caused by housing supply shortages and lack of affordability threaten the region's economic health**